MAR 17 1944

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In 2 Sections—Section 1

The Commercial and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

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Electronic "Master Mind" Saves Money & Labor Man Hours

Through the design and creation of an electronic "master mind" employing 126 vacuum tubes to calibrate Signal Corps radio apparatus, Philco Corporation engineers saved 144,000 manhours of labor last year and, with other economies, made it possible to reduce the cost of this one type of equipment to the Government by $1,170,000 in 1943, it was announced by John Ballantyne, President of Philco Corporation, in a letter to stockholders.

John Ballantyne

"In the manufacture of highly precise measuring instruments, such as the Signal Corps frequency meter, it has heretofore

(Continued on page 1115)

In This Issue

Special material and items of interest with reference to dealer activities in the States of Connecticut, Michigan and Missouri will be found in this issue.

For Connecticut and Michigan see page 1098; Missouri on page 1099.

General index on page 1120.

Some Factors In The Proposed Post-War International Pattern

By J. REUBEN CLARK, JR.*

You have bestowed upon me a signal honor in asking me to speak on this anniversary occasion. I fully understand that this honor carries with it a grave responsibility, for organizations such as yours have far more significance and far greater obligations than the merely social. I am equally mindful that in speaking to you, I am speaking to a distinguished group of that great body of our citizenry who, because of their training and experience, must take an important place in the future of this country, whether we shall go left or go right. You who are elevated to the Bench are the dispensers of justice and equity to the people, the guardians of the peace and the order of our society. You who are of the

J. Reuben Clark, Jr.

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*An address before the Los Angeles Bar Association, Los Angeles, Calif., last month. Mr. Clerk is a recognized authority on international law; was Chairman of the American Preparatory Comm. to represent United States at the Third Hague Conference; General Counsel for United States before the American British Claims Commission; former Solicitor of Department of State and Under-Secretary of State of the United States; author of the Memorandum on the Monroe Doctrine; of the first presidency of the Church of Jesus Christ of Latter-day Saints; and Chairman of the Executive Committee and Director of Foreign Bondholders Protective Council, Inc.

(Continued on page 1110)

WPB Chairman Advocates Reduced Regulation in Peace-Time Economy

Donald M. Nelson Declares War Production Needs Remain Paramount, But Civilian Output Will Be Expanded Gradually, If Possible—Avers Identical Treatment Cannot Be Given To All Competitive Civilian Concerns

Speaking at a dinner given by the Office of War Information and the War Advertising Council for Representatives of National Industry at the Statler Hotel, Washington, D. C., on March 8, Donald M. Nelson, Chairman of the War Production Board, emphasized the importance of maintaining an economic balance during the remainder of the war and at the same time making war production needs paramount.

"In the period that lies ahead," he declared, "we dare not allow the American economy to become unbalanced even temporarily. You cannot get the kind of cooperation you need, you cannot produce on the scale necessary for this kind of war when your economy is out of kilter." Continuing his remarks, Mr. Nelson said: "The facts are plain. Reserves of certain types of war material are already making it possible to close down some war factories. The workers of those factories in most cases will be able quickly to find employment in other war industries, where they are bady needed. Nevertheless, in certain local situations there may be some manpower available, if only temporarily; there will be facilities available, and there will be materials available. Right now pressure is being felt to permit industrial plants to use available resources in making products that our civilian consumers want.

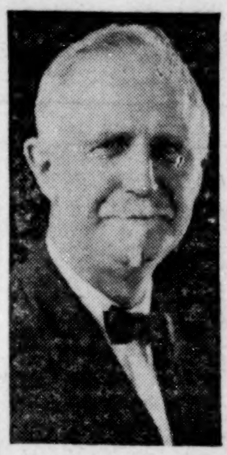
Donald M. Nelson

"Just as in January, 1942, many people could not understand why the Government did not wipe out the civilian economy, so there are

(Continued on page 1100)

Stock Market Awaits Invasion-- To Mark Time Pending Event

BABSON PARK, FLORIDA—Since the slight rise during the first part of January the stock market has moved within a close range. How soon will the market get out of its present rut? Will stocks have a tendency to move sidewise, slide off, or can investors expect a decided advance? I am definitely bullish for the long-term. At the moment, however, the market is hesitatingly awaiting the invasion of the Continent.



Roger W. Babson

Invasion Summary

The "second front" is more apt to consist of four invasion spearheads, namely, at the Balkans, at Southern France, at Northern France and at Norway. Here, again, we run into uncertainties. The only apparent factor is that an invasion will take place. To all intent, the accelerated bombing of Germany is an invasion. In the end, however, it will be the man with the gun who will do the job. How many of these spearheads will be thrown back is unknown. The time factor is also unknown. This last may not now even be settled upon by our High Command.

However, the necessary troops and equipment are being rapidly massed. The day will surely come when orders will be given for the advance. We can expect more action in the stock market one way or another when this takes place.

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America Unafraid

By WENDELL L. WILLKIE*

Mr. Willkie Declares Fear Of The Future Is Due To Loss Of Individual Self-Reliance Caused By Paternalistic Governmental Policies. Believes Individual Initiative And Self-Reliance Can Be Restored Only By An Expanding Economy. Urges Unlocking America's Economic Doors So "We Can Make The Days Ahead Of Us The Greatest We Have Ever Known".

A few days ago I read an article that contained a somewhat startling conclusion, a conclusion that I reluctantly believe is true. That is the conclusion: **that America is afraid of the future, afraid of peace.**

The article was by Bernard DeVoto, a distinguished scholar and the editor of "The Easy Chair" in Harper's Magazine.

Wendell Willkie

Mr. De Voto points out that as a people we have done well with our war efforts, from the miracle of production which we have wrought to the good humored endurance of dislocated and regimented lives.

But he finds among us today a new and growing fear. I quote him: "The fear is that, terrible as the war is. the coming peace will make these war years seem to have been a time of quiet, order and optimism. . . . That, whatever the war may have done to us, it has kept us comparatively united, comparatively of one purpose, comparatively effective as a society. That, once the external discipline of war is relaxed, there will be grave danger of our collapsing into disorder, disunity, civil and social strife. That, whereas war has brought us hope, or at least courage, the coming peace may bring despair."

In other words, the fear that is growing upon us is a fear of the unknown in economics and a so-

(Continued on page 1118)

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*An address delivered before the New Hampshire Good Roads Association at Concord, N. H. March 9, 1944.

The Outlook For 1944

In Brief

Business activity has been rising with practically no interruption for four years. It is quite likely that the year 1944 will prove to be the peak and that some time during the year a decline will start. Under normal peace conditions such a decline would be accompanied by lower corporate earnings and security prices, but under present conditions, this may not be the case. Earnings and dividends this year will probably be about the same as last year. However, the pronounced selectivity among individual securities that has prevailed during the war should continue and, if anything, might be even greater than in the past.

1943 in Retrospect

The year 1943 was one of slowly rising activity. Industrial production at the end of the year was only about 10% higher than at the beginning of the year, and the change in activity by industries was much less uniform than in 1941 and 1942. In those years production was rising in nearly every industry and many industries showed sharp gains, while in 1943 production in a number of industries declined, others stayed about the same or rose slightly, and relatively few industries showed sharp gains. Last year the restrictions in the output of many non-essential industries became even greater than in 1942, while armament production continued to rise. During the latter part of 1943, production of certain types of armaments was curtailed. In 1943 the only important industries that showed sharp increases in production were machinery, transportation equipment (including ships and aircraft), non-ferrous metal fabri-

(Continued on page 1104)

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Woodall A Director Of Harriman Ripley

Harding C. Woodall, Vice-President of Harriman Ripley & Co., Inc., 63 Wall St., New York City, was elected a director of the company at the annual meeting, according to an announcement by Joseph P. Ripley, Chairman.

Harding C. Woodall

Mr. Woodall has been associated with the Harriman Ripley organization in the industrial buying department since 1935, and has been a Vice-Pres. since June, 1943.

A graduate of Sewanee University, Class of 1917, Mr. Woodall entered the investment banking business in 1925, when he joined the National City Company. Prior to that he had served with the Wright Aeronautical Corporation. Mr. Woodall served in France in World War I as a Captain in the Seventh Field Artillery, 1st Division.

Kaiser & Co. To Be NY Exchange Members

SAN FRANCISCO, CALIF. — Kaiser & Co., Russ Building, will become members of the New York Stock Exchange on March 23, when Leland M. Kaiser acquires the New York Stock Exchange membership of the late J. Clark Moore, Jr.

Partners in the firm are Leland M. Kaiser and Edwin R. Foley, general partners, and Walter D. Heller and Allen E. Meier, limited partners.

David Cerf At Parris Island

The many friends in the investment banking circles of David F. Cerf, Sales Manager of Floyd D. Cerf Company will be interested to learn that he is presently stationed at the Marine Corps Base at Parris Island, South Carolina.

Seligman, Lubetkin Adds Russell To Trading Staff

Edward C. Russell has joined the trading department of Seligman, Lubetkin & Co., 41 Broad St., New York City.

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NASD 5% Profit Rule Threatens Access Of Small Business To Capital Markets

By PHILIPP H. LOHMAN, Ph.D.

(Dr. Lohmann is Associate Professor of Economics at Miami University, Oxford, Ohio. At present, he is a contributing editor of Time Magazine while on leave. He is also connected with New York University, and is a member of Economists' National Committee on Monetary Policy—Editor.)

The Congress of the United States has enacted legislation to require the former employer of the man called to service to reinstate him in his old job when his service has ended. That is a laudable aim, but to be effective, Congress must now give attention to preventing the disappearance of the employer. Small business in 1939 comprehended the employers and about 45% of the personnel of all business. This shows how deep and how far the small business problem cuts into the United States economy. It illustrates how vital the preservation of small business is to the "common man" about whom so much concern has been expressed in high places.

P. H. Lohman

If small business goes, big business does not have any future except to become the economic arm of a totalitarian state, such as was the case in Germany and Italy. Out of the flexibility, the vigor, and the competition afforded comes the constant spark that has made free American enterprise one of the great progressive forces in the struggle of man for mastery of the physical universe.

Small business will need equity capital in the postwar period. Small concerns forced out of business by the war, will need capital to help them reenter business. Those that have managed to stay in business will need capital to help them expand in competition with larger firms. Those that have converted to war production will need capital to reconvert to a peacetime production. Moreover, the last years have seen a sharp falling off in the birth rate of business which means that similar to World War I an increasing number of new businesses will be established after this war. Much if not most of the capital needed will be in the form of high risk capital.

The U. S. Department of Commerce, among other governmental agencies, has always recognized

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A Post-War Depression Can Be Licked: Walter D. Fuller

President Of The Curtis Publishing Co. Says If Business Does The Proper Sort Of Selling Job There Can Easily Be A National Income Of 135 Billion Dollars Or More Which Will Dissipate Worries About Our National Debt, The High Level Of Taxation And The Threat Of State Capitalism

By WALTER D. FULLER*

One of these days this war is going to end. None of us knows when, but all of us know it is going to end in a complete and satisfying victory for ourselves and our allies. That is just as certain as the melting of snows on the hillside in spring time.

And when that day comes we will find ourselves across the threshhold and in the post-war world. Nothing, in our times, has been dramatized as much as the post-war world. Many people are ready to believe it will be like paradise, coming as their reward for Christian living in these days of suffering and sacrifice. They expect to have helicopters for wings and to dwell evermore in a land of milk and honey. They are counting on radar, rocket planes, jeeps, plastics, amazing new gadgets — and, of course, a national income of 135 billion dollars or more — to solve all the problems of the hereafter of peace.

Walter D. Fuller

But there is another group of people, equally self-sacrificing and suffering, who fear that the post-war world will be the end of all we have known, and that all of us will be taken by the devil. They mean the devil of another depression. They fear the devils of taxation, of renegotiation, depleted reserves, disrupted markets, competition, etc. They fear we will suffer all the tortures of the damned, everlastingly.

I don't know in which group

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*An address delivered before the Adcraft Club of Detroit on March 10, 1944.

(Continued on page 1116)

"Rule" And Ruin

"5% Spread" Is Sellout Of NASD Membership

It is significant that nowhere in the object and purpose clauses of the NASD certificate of incorporation is any mention made of promoting the welfare of its members.

One can argue that by inference this may be gathered from the provisions, "To promote through cooperative effort the investment banking and securities business . . ." Why leave so important a purpose, if it exists, to inference?

What kind of an organization is the NASD? Is the protection of its members any real part of the NASD program? What does the record disclose?

Let's follow up that certificate of incorporation to make a true estimate of the nature of this group. Is it by its own avowal and its actions devoted to the interests of its membership, or is it a superfluous policing body?

> ". . . to encourage and promote among members observance of Federal and State securities laws;"

Here is a colossal piece of impertinence. Now, who is

(Continued on page 1117)

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America Unafraid

By WENDELL L. WILLKIE*

Mr. Willkie Declares Fear Of The Future Is Due To Loss Of Individual Self-Reliance Caused By Paternalistic Governmental Policies. Believes Individual Initiative And Self-Reliance Can Be Restored Only By An Expanding Economy. Urges Unlocking America's Economic Doors So "We Can Make The Days Ahead Of Us The Greatest We Have Ever Known".

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Wendell Willkie

Mr. De Voto points out that as a people we have done well with our war efforts, from the miracle of production which we have wrought to the good humored endurance of dislocated and regimented lives.

But he finds among us today a new and growing fear. I quote him: "The fear is that, terrible as the war is. the coming peace will make these war years seem to have been a time of quiet, order and optimism. . . . That, whatever the war may have done to us, it has kept us comparatively united, comparatively of one purpose, comparatively effective as a society. That, once the external discipline of war is relaxed, there will be grave danger of our collapsing into disorder, disunity, civil and social strife. That, whereas war has brought us hope, or at least courage, the coming peace may bring despair."

In other words, the fear that is growing upon us is a fear of the unknown in economics and a so-

(Continued on page 1118)

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*An address delivered before the New Hampshire Good Roads Association at Concord, N. H. March 9, 1944.

The Outlook For 1944

In Brief

Business activity has been rising with practically no interruption for four years. It is quite likely that the year 1944 will prove to be the peak and that some time during the year a decline will start. Under normal peace conditions such a decline would be accompanied by lower corporate earnings and security prices, but under present conditions, this may not be the case. Earnings and dividends this year will probably be about the same as last year. However, the pronounced selectivity among individual securities that has prevailed during the war should continue and, if anything, might be even greater than in the past.

1943 in Retrospect

The year 1943 was one of slowly rising activity. Industrial production at the end of the year was only about 10% higher than at the beginning of the year, and the change in activity by industries was much less uniform than in 1941 and 1942. In those years production was rising in nearly every industry and many industries showed sharp gains, while in 1943 production in a number of industries declined, others stayed about the same or rose slightly, and relatively few industries showed sharp gains. Last year the restrictions in the output of many non-essential industries became even greater than in 1942, while armament production continued to rise. During the latter part of 1943, production of certain types of armaments was curtailed. In 1943 the only important industries that showed sharp increases in production were machinery, transportation equipment (including ships and aircraft), non-ferrous metal fabri-

(Continued on page 1104)

Woodall A Director Of Harriman Ripley

Harding C. Woodall, Vice-President of Harriman Ripley & Co., Inc., 63 Wall St., New York City, was elected a director of the company at the annual meeting, according to an announcement by Joseph P. Ripley, Chairman.

Harding C. Woodall

Mr. Woodall has been associated with the Harriman Ripley organization in the industrial buying department since 1935, and has been a Vice-Pres. since June, 1943.

A graduate of Sewanee University, Class of 1917, Mr. Woodall entered the investment banking business in 1925, when he joined the National City Company. Prior to that he had served with the Wright Aeronautical Corporation. Mr. Woodall served in France in World War I as a Captain in the Seventh Field Artillery, 1st Division.

Kaiser & Co. To Be NY Exchange Members

SAN FRANCISCO, CALIF. — Kaiser & Co., Russ Building, will become members of the New York Stock Exchange on March 23, when Leland M. Kaiser acquires the New York Stock Exchange membership of the late J. Clark Moore, Jr.

Partners in the firm are Leland M. Kaiser and Edwin R. Foley, general partners, and Walter D. Heller and Allen E. Meier, limited partners.

David Cerf At Parris Island

The many friends in the investment banking circles of David F. Cerf, Sales Manager of Floyd D. Cerf Company will be interested to learn that he is presently stationed at the Marine Corps Base at Parris Island, South Carolina.

Seligman, Lubetkin Adds Russell To Trading Staff

Edward C. Russell has joined the trading department of Seligman, Lubetkin & Co., 41 Broad St., New York City.

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NASD 5% Profit Rule Threatens Access Of Small Business To Capital Markets

By PHILIPP H. LOHMAN, Ph.D.

(Dr. Lohmann is Associate Professor of Economics at Miami University, Oxford, Ohio. At present, he is a contributing editor of Time Magazine while on leave. He is also connected with New York University, and is a member of Economists' National Committee on Monetary Policy—Editor.)

The Congress of the United States has enacted legislation to require the former employer of the man called to service to reinstate him in his old job when his service has ended. That is a laudable aim, but to be effective, Congress must now give attention to preventing the disappearance of the employer. Small business in 1939 comprehended the employers and about 45% of the personnel of all business. This shows how deep and how far the small business problem cuts into the United States economy. It illustrates how vital the preservation of small business is to the "common man" about whom so much concern has been expressed in high places.

P. H. Lohman

If small business goes, big business does not have any future except to become the economic arm of a totalitarian state, such as was the case in Germany and Italy. Out of the flexibility, the vigor, and the competition afforded comes the constant spark that has made free American enterprise one of the great progressive forces in the struggle of man for mastery of the physical universe.

Small business will need equity capital in the postwar period. Small concerns forced out of business by the war, will need capital to help them reenter business. Those that have managed to stay in business will need capital to help them expand in competition with larger firms. Those that have converted to war production will need capital to reconvert to a peacetime production. Moreover, the last years have seen a sharp falling off in the birth rate of business which means that similar to World War I an increasing number of new businesses will be established after this war. Much if not most of the capital needed will be in the form of high risk capital.

The U. S. Department of Commerce, among other governmental agencies, has always recognized

(Continued on page 1108)

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A Post-War Depression Can Be Licked: Walter D. Fuller

President Of The Curtis Publishing Co. Says If Business Does The Proper Sort Of Selling Job There Can Easily Be A National Income Of 135 Billion Dollars Or More Which Will Dissipate Worries About Our National Debt, The High Level Of Taxation And The Threat Of State Capitalism

By WALTER D. FULLER*

One of these days this war is going to end. None of us knows when, but all of us know it is going to end in a complete and satisfying victory for ourselves and our allies. That is just as certain as the melting of snows on the hillside in spring time.

And when that day comes we will find ourselves across the threshhold and in the post-war world. Nothing, in our times, has been dramatized as much as the post-war world. Many people are ready to believe it will be like paradise, coming as their reward for Christian living in these days of suffering and sacrifice. They expect to have helicopters for wings and to dwell evermore in a land of milk and honey. They are counting on radar, rocket planes, jeeps, plastics, amazing new gadgets — and, of course, a national income of 135 billion dollars or more — to solve all the problems of the hereafter of peace.

Walter D. Fuller

But there is another group of people, equally self-sacrificing and suffering, who fear that the post-war world will be the end of all we have known, and that all of us will be taken by the devil. They mean the devil of another depression. They fear the devils of taxation, of renegotiation, depleted reserves, disrupted markets, competition, etc. They fear we will suffer all the tortures of the damned, everlastingly.

I don't know in which group

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*An address delivered before the Adcraft Club of Detroit on March 10, 1944.

(Continued on page 1116)

"Rule" And Ruin

"5% Spread" Is Sellout Of NASD Membership

It is significant that nowhere in the object and purpose clauses of the NASD certificate of incorporation is any mention made of promoting the welfare of its members.

One can argue that by inference this may be gathered from the provisions, "To promote through cooperative effort the investment banking and securities business . . ." Why leave so important a purpose, if it exists, to inference?

What kind of an organization is the NASD? Is the protection of its members any real part of the NASD program? What does the record disclose?

Let's follow up that certificate of incorporation to make a true estimate of the nature of this group. Is it by its own avowal and its actions devoted to the interests of its membership, or is it a superfluous policing body?

> ". . . to encourage and promote among members observance of Federal and State securities laws;"

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(Continued on page 1117)

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Agreement Believed Near In Monetary Stabilization Plan

Early and complete agreement among Russian, British, American and Canadian treasury experts on a multi-billion dollar gold-based fund to stabilize post-war foreign exchange was believed imminent on March 14, it was reported in Associated Press accounts from Washington which also had the following to say:

This belief grew following the disclosure that parallel conversations have been in progress here with British authorities while a Russian delegation was being acquainted with the so-called White currency stabilization plan.

An official who told of the new Anglo-American talks said one more meeting was expected to eliminate the final point at issue, described as a minor one and unrelated to the question of gold.

Heretofore the White (American) and Keynes (British) plans have been at wide variance as to whether gold should play a leading or subordinate role in balancing international trade and credit transactions.

Harry D. White, Treasury monetary expert, proposed an $8,000,000,000 fund to be made up of gold and local currency contributions of participating nations. Lord Keynes, Bank of England director and economic adviser to the British Exchequer, suggested instead a clearing house arrangement without original assets and using a quota system based on foreign trade volume.

There was no indication that any of the recent talks brought representatives of the three Powers together at the same time. However, it was known to the British as well as to the Americans that Russia, as a major gold holder, regarded the White plan as the more acceptable of the two. This Russian attitude was believed to have clinched British capitulation to American views.

Canada already has drafted its own plan, strikingly similar to the latest White proposal.

A Treasury official said he expected at least a couple more Russo - American conversations, last on the agenda before the State Department issues formal invitations to an international monetary conference to consider currency stabilization as well as a world bank for reconstruction and development.

Greene, Doremus V.-P.; Heads Chicago Office

William H. Long, Jr., President of Doremus & Co., announces that Charles C. Greene has been named Vice-President of Doremus & Co., national advertising agency, in charge of the Chicago office, 208 South La Salle St. He assumed his new duties on March 15.

Charles C. Greene

Mr. Greene has had extensive experience in all phases of advertising agency service and in the public relations field. He was formerly Vice-President of Buchanan & Co., and prior to that Vice-President of Critchfield & Co. He is a past commander of Advertising Men's Post No. 38, American Legion, one of the largest posts in the country. He is a graduate of the University of Chicago and a member of the Illinois bar.

Pre-Induction Military Training

Although preliminary military training units have ceased their activities in the metropolitan area, a Wall Street man has conceived a plan to enable men about to be drafted to secure the advantage of such training. This includes military drill and rifle shooting. No obligations are involved. The drills are free. A nominal fee will cover the expense of the ammunition used. Those interested should communicate with the "Chronicle" at BEekman 3-3341, Extension 12.

Investment Opportunity

Stock of Great Lakes Terminal Warehouse Company at current levels appears to offer an exceptional investment opportunity according to an interesting memorandum on the situation issued by Allman, Moreland & Co., Penobscot Building, Detroit, Mich., members of the Detroit Stock Exchange. Copies of this memorandum may be had from the firm upon request.

Perkins Co. In Boston

(Special to The Financial Chronicle)

BOSTON, MASS. — Ralph L. Perkins will shortly open offices here to engage in a general securities business. Mr. Perkins in the past was with Maxwell & Co., Inc.

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General Staff Proposed To Advise Business And Government On Economic Planning

Dr. Arnold J. Zurcher, Director of New York University Institute on Post-War Reconstruction, Predicts That Concentration Of Business Will Continue After The War

A democratic general staff to advise business and government on economic planning for the entire nation was advocated on March 1 by Dr. Arnold J. Zurcher, director of the New York University Institute on Postwar Reconstruction, in an address before members of the institute in the auditorium.

Dr. A. J. Zurcher

Asserting that any radical departure from the system of private enterprise in this country after the war is unthinkable, Dr. Zurcher stated that an effort should be made to mitigate the effects of recurring business depressions through the medium of an agency which would be free from the taint of bureaucracy, representative of all elements in the population, and established on a basis that would be consonant with American institutions.

"If we do not want the vast, complicated, interrelated, high pressure thing we call our economy to get out of hand during the long pull, if we want to achieve aims which we have deliberately set for ourselves, then there is only one institutional response which we can logically make," Dr. Zucher said. "That is, planning on a national scale. The stigma of socialism and totalitarianism must be lifted from that word. Planning as an idea must be rehabilitated if private enterprise and democracy are to survive.

"A planning mechanism does not need to be bureaucratic. Indeed it ought not to be bureaucratic. It is perfectly possible for us to bring together the area of government, management, labor and the public to promote on a national scale the kind of overall oversight of our economy which we need. Why any such proposal should display flashes of red to some in our society is frankly beyond understanding and imagination.

"What I am advocating is a sort of democratic general staff for our economy with a really worthwhile research organization that could act as a general planning agency for the kind of mixed economy which we will have after this war. Its function would be neither legislative nor administrative; indeed it need have no coercive power at all. Its aim would be to advise both business and government and provide that correlation of outlook that alone can save us from difficulty and disaster."

Discussing the form which business organizations in this country will take after the war, Dr. Zurcher expressed it is as his belief that large-scale enterprises will not only be those most likely to be able to meet successfully the problems of the period but will be those most likely to serve national policies effectively.

"The same conditions and objectives which call for an increased governmental role in our long-range postwar economy will also affect the structure and discipline of autonomous sectors of that economy," he said. "For private business they will require a growing concentration of managerial direction. Planning output, markets and trade policies, in the kind of highly organized society which we shall require if we are to operate at a high level of activity, will be most ineffective if such planning is left to a great number of independent entrepreneurs. To be effective it must be handled by each branch of industry acting as a unit. That will mean big business. Except for the fringes of distribution and the various service activities it will mean real difficulty for small business. The day of small business may not be past; but small business will certainly find it increasingly difficult to operate independently.

"There is another reason why concentration in business is likely to go on apace during the long pull of the post-war period. Whether we like it or not, we appear to be entering upon a period of power politics in international affairs. I am not evaluating that trend here; I am merely saying that it looks very much as if that was where we were heading. What other implications can one draw from the statements coming from our leading admirals that our navy is now the largest in the world and that it will be our duty to maintain it intact when the war is over. Now if European experience furnishes any guide in this matter, it may confidently be predicted that such a trend will magnify the influences favoring business combination. For in great European states, big business and power diplomacy have always gone hand in hand. European states have always favored the concentration of enterprise particularly in those industrial sectors related to the preparation for war; and under conditions of modern warfare there are few industrial sectors that do not have an intimate connection with military preparedness. If European experience be typical, then there is no reason to suppose that our experience will be otherwise."

Discussing the future of democratic institutions in this country, Dr. Zurcher said that while certain forces will necessarily militate against the continuation of the form of government we have always had there is no reason for pessimism.

"No people on earth ever showed greater courage or ingenuity in shaping the institutions of their political society than we did during and after the Revolution: and we certainly did not lose that capacity during the 19th century," Dr. Zurcher said. "It may be that the present generation has lost some of that earlier power of adaptation. Certainly it is true that during the past decade we have been primarily concerned with the immediate objectives of helping ourselves out of depression and preparing for war. We have not had much time for institutional forms, particularly for the forms of our political society. But with the end of the war there will come an opportunity to take inventory, to readjust those institutions and perhaps cast them in a mold that will endure for a generation. Whether or not we shall take that opportunity remains to be determined."

It's
COOPERATION
that closes the trade

Experience has well proved that cooperation between dealers produces *profitable* results for both. For instance, it's just as important to be able to know where you can buy the securities you need as it is to know where they can be sold. And it's equally important to have room to turn around in making that trade. That's what we mean when we say "It's cooperation that closes the trade."

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Summers Lamon With Blyth In Los Angeles

LOS ANGELES, CALIF.—Blyth & Co., Inc., 215 est Sixth Street, announce the association with them of Summers Davidson Lamon as manager of the municipal department.

Mr. Lamon is well known in the municipal bond field throughout the country. He was Vice-President of the Bankamerica Co., Los Angeles, from 1928 to 1932. In 1932 he became associated with O'Melveny-Wagenseller & Durst and remained with them until 1942, having served as Vice-President and Director in charge of their municipal bond activities. Mr. Lamon joined the Vultee Aircraft Co. in 1942 and was appointed to their financial administrative division. Later he became attached to the Avion Corp., serving that corporation in a similar capacity.

STANY Annual Dinner To Be Held April 21

The Security Traders Association of New York, Inc., announces that the annual dinner will be held on Friday evening, April 21, at the Waldorf.

Michael J. Heaney of Joseph McManus & Co. is chairman of the arrangements committee and will shortly report the committeemen who will be in charge of reservations, etc. A large attendance of both local and out of town traders is expected.

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CANADIAN
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Brown Company
5s, 1959
Canada Northern Power
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Frederic H. Hatch & Co.
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Common & Pfd.
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F.H. KOLLER & COMPANY INC.
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BArclay 7-0570 NY 1-1026

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Interesting Possibilities

American Casualty Company offers an interesting situation at the present time, according to a circular issued by Butler-Huff & Co. of California, 210 West Seventh Street, Los Ageles, Calif. Copies of this circular, discussing the situation in detail, may be had upon request from Butler-Huff & Co., as well as a tabulation of the record of "The Home" since 1853.

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PARTNERS
March 10, 1944 TEL. FRANKLIN 4151

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East. Sugar Assoc. Pfd.
Haytian Corp.
Punta Alegre Sugar Corp.
U. S. Sugar Corp. Com.
Vertientes-Camaguey Sugar Co.
Vicana Sugar Co.
J. ARTHUR WARNER & Co.
120 Broadway, New York 5, N. Y.
COrtlandt 7-9400 Teletype NY 1-1950

New Comers At Luckhurst

Luckhurst & Co., 60 Broad St., New York City, announce the admission of the "Luckhurst Twins" to their firm. Stuart Marshall Lax, 7½ pound son of trader Herbert Lax, was admitted March 3, 1944. Only a few days later, David N. Wasserman, new son of trader Irving, was admitted. Both Junior Members of the Staff and their sponsors are progressing nicely.

The proud fathers indignantly rejected the suggestion that one of the newcomers be named "Bid" and the other "Asked."

C. W. Wilson Retires

Charles W. Wilson, Vice-Pres. of Bishop's Service, Inc., has retired after 36 years of service with the company.

Affiliated Debt Refund. Approved By Stkhldrs.

Stockholders of Affiliated Fund, Inc., at a meeting held yesterday in Jersey City, N. J., approved a proposal of the management to refund the entire outstanding funded debt consisting of $10,000,000 4% convertible debentures due in 1949 and 1950, through bank financing.

Andrew J. Lord, President of Affiliated Fund, Inc., stated that the new financing is expected to be on a 2½% basis, indicating a gross interest saving of $150,000 a year, equivalent to more than 3 cents a share on the outstanding shares.

The present debentures are expected to be called for redemption on May 1, 1944.

Stanley M. Roth Co. To Be Formed In N. Y.

Effective March 23, the New York Stock Exchange firm of Stanley M. Roth & Co. will be formed with offices at 41 Broad Street, New York City. Partners will be Stanley M. Roth, who will acquire the Exchange membership of Benjamin Yelin, Della Dee Jacobs, general partners, and Samuel Ungerleider, Jr., limited partner.

Mr. Roth was formerly a partner in E. J. Roth & Co. Miss Jacobs and Mr. Ungerleider were partners in T. J. Beauchamp & Co.

M. J. Meehan To Admit

George S. McNamee and Edward B. Schnell will shortly be admitted to partnership in M. J. Meehan & Co., 30 Broad Street, New York City, members of the New York and Chicago Stock Exchanges. Mr. McNamee will act as alternate on the floor of the New York Exchange for Thomas E. Doherty, and Mr. Schnell as alternate for Joseph A. Meehan.

Long-Term Financing For Re-Conversion

By EUGENE M. MATALENE*

Mr. Matalene Believes That In Considering Long-Term Financing For Reconversion, The Condition Of The Securities Markets And Their Receptiveness To Corporate Underwritings Is Of Paramount Importance—He Maintains That The Present Tax Structure Is Such That Costs of Long-Term Financing Are Low

My associates on this panel have either raised part, if not all, of the money needed for reconversion or they may look to such assured sources as customers' deposits and stockholders' capital, the U. S. Treasury, or the high grade bond market, for the funds they may need for lending to industry. The business I represent, however, must go to the investing public for the money required by its clients. For this reason, the condition of the security markets and their receptiveness to corporate underwritings are of paramount importance in considering long term financing for reconversion.

Opinions differ as to our economic fate after the war. One group of experts, the most vociferous if not the largest, believes that we are in for an extended period of rising prices and a post-war boom. Another group foresees serious dislocations in industry and is of the opinion that the problems of reconversion will be well nigh insuperable, with depression the inevitable outcome. Probably somewhere between these two extremes the truth will be found but the fact remains that the future is still a closed book. An equally plain observation, however, is that the present market for both bond and equity financing is a good one. As a result, many corporations have taken and many others are planning to take advantage of this situation. In my opinion, they are well advised.

Not only are conditions favorable but the present tax structure is such that costs of long term financing are relatively low. Most of the security offerings with which my firm has been connected during the past year or so have been distributed for corporations which are subject to substantial excess profits taxes. Because new equity capital raises the exemption from this tax, the tax itself is lowered and over-all cost of financing is reduced. As an illustration, a leading chemical concern sold a large issue of new 4% preferred stock last Fall at a net annual cost, according to my calculations, of less than ¾ of 1% so long as the excess profits tax remains in effect. Companies in this position are taking out what amounts to an insurance policy against future reconversion uncertainties. I think you will agree that this is wise procedure.

There are many perplexing questions regarding "reconversion" which only government and industry can answer. Solution of these exceedingly intricate problems will require not only the best brains but also the most understanding type of cooperation of all forms of business. Without attempting to discuss this phase of the matter, however, in the short time at our disposal, it may be pointed out that, from the investment banking viewpoint, those companies whose war-time products are closest to their peacetime products are better candidates for public financing than those whose reconversion problems are severe. In these latter cases, it seems to me that negotiation of so-called "VT" loans or private banking arrangements represents the most satisfactory immediate answer to their predicament. Unless stockholders and prospective investors believe that the enterprise in which they have invested or are about to invest their money has a better than average prospect for weathering satisfactorily the period of reconversion uncertainties, it would be difficult, if not impossible, to persuade them to place new funds in the business.

Projection of future sales, earnings, and financial requirements is always an uncertain matter but it is made doubly so in the light of dislocations which undoubtedly will be caused by the war. Nevertheless, even incomplete data are better than no data at all. This was impressed upon me very forcefully last Summer when a corporation, for which we are bankers, opened discussions looking toward the raising of a large amount of new equity capital. Sales of the business had skyrocketed because of the war and presently are running better than fifteen times those of 1940. The company's working capital, of course, is severely strained and the management was seeking additional funds to bolster its cash position. After an extensive study, however, we recommended that a "VT" loan be incurred. Our engineers had informed us that a reasonable estimate of the company's post-war sales during what they termed a "normal" year was less than one-fourth the current rate. Furthermore, since the company had "plowed back" a large portion of its war-time earnings into the business, despite exceedingly high taxes, it was our considered opinion that its net worth represented as much capital as it reasonably could hope to employ profitably after the war. The "VT" loan, of course, would take care of its near term working capital needs.

Stated differently, each piece of new financing must be considered in its own light so that few additional over-all statements can be made as to the best means for handling long term capital requirements. When your Planning Committee has determined the sum which it believes adequate for reconversion purposes, or for any post-war expansion opportunities which you now foresee, your Investment Banker will be in a position to advise just how it should be raised. No two sets of circumstances will be the same but if I were asked to condense into a single phrase my views on the whole problem of financial planning for the years to follow the war, I should be inclined to suggest that somewhat time-worn axiom "Do it now."

---

*Remarks made at the American Management Association Panel Session, Hotel New Yorker, March 1, 1944. Mr. Matalene is associated with the investment banking and brokerage firm of Hornblower & Weeks.

Cartwright And Magid Elected By Sealcone

C. Shelby Carter was elected President and a director of the American Sealcone Corporation at a meeting of the Board.

Clermont Cartwright and Samuel E. Magid, members of Hill, Thompson & Co., investment dealers at 120 Broadway, New York City, were elected Vice-Presidents. Mr. Cartwright was also chosen a director, a position which is already held by Mr. Magid.

Sellger And McGinnis Pflugfelder Partners

Patrick B. McGinnis and Hugo E. Sellger have been admitted to general partnership in the New York Stock Exchange firm of Pflugfelder, Bampton & Rust, 61 Broadway, New York City. Mr. McGinnis has been the firm's analyst for a number of years, and is recognized throughout the country as an authority on railroad reorganization securities. He is the author of the publication "Guide to Railroad Reorganization Securities." For a number of years Mr. Sellger has been office manager of the firm and also associate editor of the "Guide to Railroad Reorganization Securities."

Hugo E. Sellger

Patrick B. McGinnis

Admission of Mr. Sellger and Mr. McGinnis to partnership in the firm was previously reported in the "Chronicle" of March 2nd.

Amended Plan Of NY Curb On Special Offerings

The Securities and Exchange Commission announced on March 3 that it had declared effective an amended plan of the New York Curb Exchange relating to special offerings. The SEC states: "The amendment has the effect of extending the provisions of the plan to cover bonds, as well as stocks. The amendment provides that the minimum block of bonds which may be offered as a special offering shall be $15,000 in principal amount having an aggregate market value of at least $10,000. It also provides that the special commission to be paid by the offerer of bonds shall not exceed 2½% of the offering price.

The text of the Commission's action follows:

"The Securities and Exchange Commission having previously declared effective a plan for special offerings and certain amendments thereto, filed pursuant to rule X-10B-2 (d) by the New York Curb Exchange; and the New York Curb Exchange, on February 26 and 29, 1944, having filed further amendments to its plan for such special offerings;

"The Securities and Exchange Commission having given due consideration to the special offering plan of the New York Curb Exchange as amended and having due regard for the public interest and for the protection of investors, pursuant to the Securities Exchange Act of 1934, particularly Sections 10 (b) and 23 (a) thereof, and Rule X-10B-2 thereunder, hereby declares the amended special offering plan of the New York Curb Exchange as filed on February 29, 1944, to be effective, on condition that if at any time it appears to the Commission necessary or appropriate in the public interest or for the protection of investors so to do, the Commission may suspend or terminate the effectiveness of said plan by sending at least ten days' written notice to the Exchange."

Trading Markets in

RAILROAD SECURITIES

B. & O. 4s 44
B. & O. Cv. 4½s 60
Chgo. Alton 3s 49
Chgo. Mil. Gary 5s 48
C. M. St. Paul 5s 75
C. M. St. Paul 4¾s 89
C. M. St. Paul 5s 2000
Chgo. Nw. 4¾s 49
C. R. I. 4s 34
C. R. I. 4½s 52
C. R. I. 4½s 60
Col. & Sou. 4½s 80
Geo. Southern 5s 45
Lehigh Vy. 4s 2003
MOP 4s 75
MOP 5s Various
MOP 5¼s
MOP 5½s 49
N. Y. Central 4½s 2013
St. L. S. F. 4s 50
St. L. S. F. 4½s 78
St. L. S. F. 5s 50
St. L. S. F. 6s 36
Seaboard 4s 59
Seaboard 5s 31
Seaboard 6s 45

Others Traded

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COrtlandt 7-9400 TWX-NY 1-1950
BOSTON PHILADELPHIA
HARTFORD

Supreme Court Refused To Review The Charles Hughes & Co. Dealer Mark-Up Case

The United States Supreme Court on Monday, March 13, denied a review of the Circuit Court's decision in the case of the securities firm of Charles Hughes & Co., Inc., against the SEC, rendered Dec. 10, 1943. The firm's broker-dealer registration was revoked by the SEC on July 19, 1943, because of their mark-up practices which were stated to have averaged 25%. The company petitioned the Second Circuit Court of Appeals for a revocation of the SEC's action, contending that it had not violated the Securities Exchange Act of 1934 in failing to provide market quotations to customers, and that the order of the Commission was an unconstitutional delegation of power.

In this case the SEC held in effect that if a dealer sells securities at prices not reasonably related to the current market price he has committed a fraud upon his customer if he does not disclose the current market price of the securities to the customer.

The full text of the Circuit Court's decision, upholding the SEC was printed in the "Chronicle" of Dec. 16, 1943, page 2418.

Cohu & Torrey Admits Raymond V. V. Miller

Cohu & Torrey, 1 Wall St., New York City, members New York Stock Exchange, announce that Raymond V. V. Miller has been admitted as a special partner in the firm.

Mr. Miller has been working for the War Department, being a member of the Price Adjustment Board of the North Atlantic Division of Engineers since early 1943. He is also a director of Marine Midland Corporation, Garlock Packing Company, Easy Washing Machine Corporation and Liberty Aircraft Products Corporation.

Interesting Utility

The expected filing of a recapitalization by United Gas Corporation with the SEC should have a beneficial effect upon Electric Power and Light first preferred stocks, and possibly on the second preferred according to a study of the situation prepared by Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange, and other national exchanges. Copies of this study may be had upon request from Ira Haupt & Co.

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Railroad Securities

There has been a pronounced increase in speculative interest in the stocks of Alleghany Corporation in the past week or so. In part, this is probably due to the renewed efforts of Chesapeake & Ohio to get ICC authority to issue a new preferred stock and distribute it as a dividend on its own common stock. Such a request was turned down late last year, but in many quarters it is felt that the new request, which is apparently more specific as to the reasons for the new issue, may receive more favorable consideration. Also, it is felt that the merger of Chesapeake & Ohio's various rail subsidiaries with the parent company may be closer than had generally been considered. Imminence of merger steps would be the strongest argument in favor of allowing Chesapeake & Ohio to create the new preferred stock issue.

Obviously a dividend in preferred stock would be of great benefit to Alleghany without, at the same time, having any material adverse influence on its holdings of Chesapeake & Ohio common. As of the end of 1943 Alleghany owned 1,844,695 shares of Chesapeake & Ohio common which under the dividend plan of last year would entitle it to receive $18,446,950 of the new 3¾% preferred. Sale of the preferred would allow payment of the entire bank loan (contracted last year to pay off the 5s, 1944) with a balance of perhaps $3,000,000 in cash left over. This would in turn presumably open the way for refunding, perhaps through another bank loan, of most, if not all, of the remaining Collateral 5s, 1949 and 5s, 1950 at a lower rate of interest. The potentialities for both the prior preferred and regular preferred stocks are obviously tremendous.

While the new petition for authority to issue the Chesapeake & Ohio preferred has been a potent recent market factor, there is a strong feeling among rail men that the Alleghany preferred stocks have considerable speculative appeal even without the proposed dividend. The progress already made by the company in improving the position of the senior equities was highlighted in the company's annual report recently released. As of February 17 the debt of the company had been reduced to $55,599,519, a decline of $9,796,481 from the 1942 year-end, and $21,648,876 below the 1937 level when the debt reduction program was initiated. This debt was composed of a bank loan of $14,801,519, the 5s, 1949 in the amount of $21,661,000 and the 5s, 1950 in the amount of $19,137,000. Annual interest amounts to only $2,631,961 or about $1.43 a share on the Chesapeake & Ohio common held, without allowing for income received on other holdings. The regular dividend rate of C. & O., which is considered eminently secure, is more than double that amount.

Allowing for expenses and taxes of around $550,000 a year, a dividend of $3.50 a share on C. & O. common (paid in each of the past three years), and $168,000 income from other securities held, there would be an equity of $3,443,258 for the Alleghany preferred stocks in the company's annual earnings. Even though the debt status precludes distribution of this income in the way of dividends, it obviously adds to the equity of the stocks through debt retirement. This balance of income is equivalent to more than $31 a share on the 110,730 shares of $2.50 prior preferred outstanding. Allowing for the regular dividend on the prior preferred the income is equivalent to around $4.75 on the 667,539 shares of 5½% ($100 par) preferred outstanding. Both classes of preferred are cumulative. The prior preferred has about $23 a share accumulations but liquidation thereof will not be a serious matter once the debt problem is fully resolved, because there are so few shares outstanding. The 5½% preferred has accumulations of more than $68 a share.

In addition to the holding of Chesapeake & Ohio stock there are other holdings of Alleghany which have interesting potentialities. For one thing it is hoped eventually to sell the Terminal Shares properties at a fair price. These bring in no present income but are appraised on the company's books at $6,000,000. Alleghany owns $11,152,000 of Missouri Pacific 5½% Debentures which have not paid interest in many years but which may emerge from the pending reorganization as having considerable value. At present they have a market worth of approximately $1,400,000. Finally, the company owns a substantial interest in the common stock and Class B preference stock of Pittston, having a present market value of just under $5,000,000. At the present time the Alleghany 5½% preferred has a liquidating value in excess of $53 a share, after allowing for the prior preferred at its liquidating price of 50, plus accrued dividends.

We believe that there are certain exchanges which can be made advantageously in the

SEABOARD AIR LINE

reorganization, and with this in mind wish to call to your attention Georgia Carolina & Northern 6s/34.

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Situation Attractive

Herzog & Co., 170 Broadway, New York City, have prepared a memorandum on Bartgis Bros., which the firm feels offers an interesting situation at the present time. Copies of this interesting memorandum may be had upon request from Herzog & Co.

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40 Wall Street 5s
Savoy Plaza Hotel 3-6s
50 Broadway 3s
Other Issues Traded

J. ARTHUR WARNER & Co.
120 Broadway, New York 5, N. Y.
COrtlandt 7-9400 Teletype NY 1-1950

Lehman Bros Syndicate Offer Fruehauf Pfd.

Lehman Brothers and Watling, Lerchen & Co. head a banking group that is offering today 60,000 shares of Fruehauf Trailer Company 4½% Convertible Preferred Stock, $100 par value, at $103 per share, and accrued dividends from March 1, 1944, to date of delivery.

From the estimated net proceeds, approximately $3,428,712 will be used, to the extent required, to redeem all of the outstanding 5% Convertible Preferred Stock of the Company at $107.50 per share. The balance of the proceeds from the sale of the new preferred will be available for general corporate purposes, including, but not by way of limitation, the maintenance of cash balances, carrying of inventories, accounts receivable and other current items, the financing of notes receivable and future plant expansion and changes not now specifically planned.

The 4½% Preferred is convertible into common stock at any time prior to redemption at the conversion price of $44 per share of common stock, provision being made for adjustment of the conversion price in certain events. The Preferred Stock is redeemable at $108 per share if redeemed on or before March 1, 1947, and thereafter at $105.50 per share, plus accrued dividends in each case.

Reorganizat'n Potentialities

McLaughlin, Baird & Reuss, 1 Wall St., New York City, members of the New York Stock Exchange, have prepared an interesting circular discussing the reorganization potentialities for selected securities of the Missouri Pacific System. Copies of this circular may be had upon request from McLaughlin, Baird & Reuss.

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Real Estate Securities

By JOHN WEST

Improved Real Estate Conditions And Its Effect On Earnings—40 Wall Street Building A Specific Example

With the completion of the reorganization in 1940 the 70-story office building at 40 Wall Street, New York City, presented many problems to the officers and directors of the new corporation. Real estate tax assessments were out of line with value and the income of the property, the former owners and affiliated interests who have occupied considerable space had moved to other properties, working capital was negligible and rental conditions were not of the best. As new tenants were secured, it was necessary to spend considerable money to alter and ready space as required. As a consequence during this rehabilitation period no funds were available for distribution to debenture holders.

The Picture Changes

As a result of new tenants and increased occupancy to about 88%, the Statement of Available Net Income for the six months ended Dec. 31, 1943 showed $126,184.86, of which $11,569.86 was carried to the Reserve for Working Capital and the balance of $114,615 made available for distribution, 80% for interest and 20% for Sinking Fund. This in contrast to the preceding six months when only $757.81 was shown as available.

What are the prospects for 1944 and future years? As to 1944, an estimate can be made which, while of course not accurate, shows that considerable improvement has been made and that interest distributions and funds available for Sinking Fund should materially increase. We believe that it is possible for this property to show $350,000 available income for 1944 and base this premise upon existing conditions. Starting with $252,000 income (double last six months) and adding thereto the pro-rata part of $67,000 additional rent on the main Westinghouse Electric & Manufacturing lease from 5/1/44 plus pro-rata part of $24,000 from Westinghouse from 3/1/44 for an additional floor, plus pro-rata part of the Atlas Corporation lease for three tower floors, plus pro-rata part of increased rents on 5/1/44 renewals, we believe the estimate is conservative as it does not take into consideratioin any cash refunds of real estate taxes which might be available to the Corporation providing the Court of Appeals sustains the reduction in assessed valuations of approximately $5,000,000 granted by the Appellate Division for the two taxable periods 1940-1941 and 1941-1942 nor any benefit that may be obtained from reduction in the 1942-1943 and 1943-1944 periods through certiorari proceedings pending in the Supreme Court, nor any benefit that may accrue from the reduction of the $19,300,000 assessment for 1944-1945 (which is $1,900,000 more than the assessment as set by the Appellate Division for the 1941-1942 period).

It is rather difficult to divide this estimate into six months periods (indenture distribution periods) but on the estimated net of $350,000, 80% or $280,000 would be available for distribution as interest and 20% or $70,000 for Sinking Fund.

OUR REPORTER'S REPORT

Except for a handful of special and small secondary offerings this week produced a veritable dearth of new business for the underwriting world. And from present indications it appears that the approaching week will have little, if any, more.

There is a liberal volume of potential business in sight, but for some unexplained reason projected new issues are not developing into actual business with the celerity that had been expected a month or so back.

Bankers naturally are standing by ready to move ahead when the issuer is ready. And, judging by the reception accorded most recent issues, investors, including institutional buyers, are equally approachable.

It appears now that Fruehauf Trailer Co.'s offering of 60,000 shares of new 4½% preferred stock, of $100 par value, carrying a convertible feature, will be the only substantial issue to reach market this week, if, as expected, it is offered tomorrow.

The sale will provide the company with approximately $3,428,700 new funds to be used to finance the redemption of the outstanding 5% convertible preferred shares at $107.50 a share. Any balance would be added to working capital.

Waiting Call For Bids

Just now the underwriting fraternity is patiently awaiting calls from two utility companies to tender bids for contemplated new issues.

Bankers are inclined to expect both these companies, namely, the Michigan Consolidated Gas Co., and the Oklahoma Natural Gas Co., to send out their requests for bids to be opened a week from Monday, March 27.

Michigan Consolidated Gas is by far the larger of the two projects, involving as it does $38,000,000 of new 3½% first mortgage bonds and 40,000 shares of new 4¾% preferred stock. Oklahoma Natural Gas plans call for the marketing of $18,000,000 of new mortgage bonds and 180,000 shares of preferred.

There's Always A "Catch"

Things never run smoothly, it seems. Take the case of the two aforementioned undertakings. Naturally, the bankers, like all other businessmen, welcome the opportunity to turn over an honest dollar.

But things can come too fast, it appears. At any rate potential bidders for these two offerings are hoping, perhaps against hope, that the issuers will not call for bids as of the same date.

Yet, it is almost a foregone conclusion that just that will be the case. In banking circles, it is pointed out that the sum total of the combined deals is considerable. And it is their contention that the companies might reasonably realize a better return if several days were to lapse between their sales.

Chicago-Bound

A goodly sprinkling of New York investment banking figures took off on Tuesday afternoon for the annual conference of the Central States Group of the IBA holding forth at the Palmer House in Chicago.

The group is scheduled to hear, among others, J. Clifford Folger, President of the IBA, and Ralph Chapman, new President of the National Association of Securities Dealers.

New Yorkers who are making the trip to the Windy City look upon the conference as a real opportunity for them. They point out that the annual Chicago meeting invariably brings out a real delegation of Middle Western distributors and thus affords them an opportunity for getting together with their many correspondents without the necessity of traveling from city to city and town to town which would otherwise be necessary.

C. & O. Equipment Trusts

Release of more steel, by the War Production Board, for construction of much necessary replacement railroad equipment is bringing out more frequent offerings of equipment trust certificates.

The next such issue on the calendar involves $2,200,000 to be sold in open competition by the Chesapeake & Ohio Railway at noon next Wednesday.

Bidders will name the price and rate for securities to be dated April 1 next and mature in equal annual instalments from April 1, 1945 to April 1, 1954, inclusive.

Boston Stock Exchange Admits 2 Corporations

BOTON, MASS. — The Boston Stock Exchange has admitted Chace, Whiteside & Co., Inc., and Ballou, Adams & Co., Inc., both of Boston, to membership in the Exchange. There are the fourth and fifth corporations admitted under an amendment permitting corporations to become members of the Exchange.

Jonathan Chace, President of Chace, Whitside & Co., will be the Exchange member of that firm; H. Starr Ballou, Jr., President of Ballou, Adams & Co., will represent it.

Interesting Possibilities

Marlin-Rockwell Corporation offers attractive possibilities, according to a memorandum issued by Chas. W. Scranton & Co., 209 Church Street, New Haven, Conn., members of the New York Stock Exchange. Copies of this interesting memorandum may be had from the firm upon request.

Growth Possibilities

Common stock of the Gilchrist Company offers attractive possibilities according to a memorandum being distributed by Stanley Heller & Co., 30 Pine St., New York City, members of the New York Curb Exchange. Copies of this memorandum discussing the stock's possibiities for appreciation may be had upon request from Stanley Heller & Co.

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Tomorrow's Markets Walter Whyte Says——

By *WALTER WHYTE*

Volume break-through on upside brings out widespread bullishness — Market now showing symptoms of indigestion from sudden strength

Last week this column said that the important clue to watch for would be volume. Whichever way this volume would break out would point to the next market direction. Specifically, the column said, "Given an average trading day of 750,000 shares, the first step-up to about a 1,200,000-day would be the signal for the direction."

* * *

The clue came during the closing days of last week. Daily volume rose sharply to cross the million and a quarter-share figure and prices, which had been floundering for so many weeks, broke through offerings on the upside. This surge through old offering levels brought many stocks up to new high levels which, in turn, brought about a complete reversal in market sentiment.

* * *

It is no secret that up to the end of last week the Street was bearish. Dow Theory adherents were pointing at the inability of the industrials to confirm the rails. And while few of them had enough money to make much of a difference in either the rail or the industrial picture, they had enough of a following to make their opinions carry some weight. When the market stepped out on volume these adherents changed their advice to flat bullishness.

* * *

There was still another group, uninfluenced by so-called "advisory" opinion, but dependent on its own interpretations of what to expect. Last week's advances found both groups seeing eye-to-eye. Both saw in the advance a confirmation that a new bull market was underway and

(Continued on page 1118)

UTILITY PREFERREDS

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Public Utility Securities

United Gas Plan Proves Disappointing Marketwise

The long-awaited plan for recapitalizing United Gas Corporation (subsidiary of Electric Power & Light and Electric Bond & Share) was filed March 6 with the Securities and Exchange Commission. The original plan for the sale of $75,000,000 bonds had been filed nearly three years earlier, and a compromise agreement was almost reached in February 1942, but difficulties arose due to the objections of a large stockholder in Electric Bond & Share. Again last November a settlement was believed imminent, but a further delay occurred.

The present plan, which seems to reflect considerable preliminary discussion with the SEC staff, is highly complicated in its provisions. Eliminating the intercorporate transactions apparently designed to satisfy legal requirements and/or SEC ideas, net results are as follows: United Gas will be recapitalized with $100,000,000 bonds (to be publicly offered) and 10,652,202 shares of common stock. Of bond proceeds, $44,000,000 will be used to cancel $52,925,000 debt and other United Gas securities held by EBS, and the balance to redeem publicly-held bonds and preferred. Electric P. & L. would receive about 95% of the new common stock in return for its holdings of United Gas second preferred and common, while publicly-held common would get about 5% (being reduced to 1/6th as many shares).

A pro forma income statement for the calendar year 1943, prepared by the company, indicates net earnings of $7,185,838 available for the new common stock (this assumes that the new bonds can be marketed at a 3¼% coupon rate). Thus the earnings on the new stock would amount to only 69¢ a share, and in terms of the old stock this would be equivalent to only about 12¢ a share.

This result proved quite disappointing, obviously, to holders of the common, which had been very active around 3 on the Curb the day before the plan was filed. On March 7th the stock opened at 2⅛, down ⅞, declined to 1¾, and closed at 2 (92,600 shares traded). It has remained around that level since, apparently on hopes that the plan may be modified or fail of consummation. Applying the usual ten-times-earnings ratio, the stock would not appear to be worth over 1¼ based on the pro forma income statement. A considerable amount of litigation over issues involved in the plan has already been initiated in the New York Supreme Court and the U. S. District Court—eight suits by common stockholders of United Gas, and six by stockholders of Electric Power & Light. The managements of United Gas, Electric Power & Light and Electric Bond & Share have tried to present a plan which would satisfy these litigants so far as possible. If the plan is approved by the SEC it is understood that the Commission will be asked to seek a final decree or order by the District Court to enforce the plan, as provided in Section 11 of the Utility Act. This would probably dispose of pending litigation, unless appeals are made to some higher court. Such an appeal occured in the case of the United Light & Power plan, which was approved by the SEC about a year ago but has not yet been enforced by the courts.

It is estimated that consolidated earnings for Electric Power & Light 1st preferred stocks would be increased from $11.18 a share to $13.61 per share if the plan were consummated; moreover, the flow of divident income from United Gas to Electric Power, which has been "dammed up" for many years, would be facilitated. If the plan is consummated Electric Power & Light may be expected to file a recap plan for distribution of new common stock to holders of its own 1st and 2nd prefered stocks, and probably to the common stock as well, under some formula similar to that proposed by American Power & Light (90-10%) or Commonwealth & Southern (85-15%). The complication incident to a 2nd preferred stock with large arrears is not too serious, as the issue is comparatively small (about one-tenth the amount of the first preferred).

However, the Electric Power & Light preferred stock declined about three points after announcement of the plan, presumably on profit-taking; they had advanced from alltime lows around 3, and 1942 lows of 15-20, to recent highs around 95-9. It has been estimated in some quarters that they might attain a level of 125 or higher when both companies have been recaptitalized to meet SEC requirements. This is apparently based on the conjecture that they might be entitled to some 90% of the earning power ($12.12 on the estimated basis above) and that on a common stock basis a multiplier of 10 or more could be applied. While such a multiplier is high for a holding company, based on market standards of recent years, it is a fair average for operating company stocks and it is assumed that once EL is placed on an all-common basis, stocks of the operating companies (including United Gas) would be distributed to holders of the new common.

Some of these operating company stocks might be worth more than "ten times," but on the other hand increased Federal taxes might reduce the earnings (since a consolidated system return could no longer be filled). Ultimate market values will doubtless remain largely dependent upon future Federal taxation as applicable to these companies—post-war changes in revenues and rates are less important. Moderate gains for the system will accrue from bond refunding operations for susidiaries, now well under way.

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Food Processing Advancing More Rapidly Than Food Production

Larger Volume Of Sales Has Resulted In Maintaining The Rate Of Profits On Turn-Over, Despite Higher Costs

By AUSTIN S. IGLEHART, President, General Foods Corp.

Production and processing of food in the United States reached record levels in 1943 and the entire food industry is being asked to outdistance such performances in 1944. Profits of food processors, after taxes, may not be changed much from those of 1942, although the tonnage and sales were larger. In the latter year net profits after taxes were slightly lower than in 1941.

Austin S. Igleheart

While total American food production was rising 24%, between 1939 and 1943, food processing advanced more than 38%. Total food output—crops plus livestock—last year was 5% higher than in 1942. Using the year 1939 as a base, figures of the U. S. Bureau of Agricultural Economics show the following percentage gains in food production: 4% in 1940, 7% in 1941, 18% in 1942, and 24% in 1943.

Although food processing last year advanced approximately at the same rate as food output, processing outdistanced primary food production in the last five years as war demands took ever-increasing tonnages of processed foods.

Food processing, in actual tonnages and in percentage of total primary food production, steadily has pointed upward since 1941. Using the Federal Reserve Board food manufacturing index, with 1939 as a base, the following percentage gains were registered: 6% in 1940, 18% in 1941, and 32% in 1942. Estimated rise of 38% for 1943 over 1939 is based on dollar sales of 50 American food processing companies, discounting such sales by the rise of wholesale quotations as being nearest to manufacturer's prices.

The 50 food processing companies, according to a statistical survey made by General Foods Corporation, represent a cross-section of the American food industry. They had plants in virtually every section of the country. They represented virtually every branch of the industry, such as: bakeries, canneries, cereal manufacturers, confectioners, dairies, dehydrators, meat packers, quick-freezers, sugar refiners, and soft beverage makers and bottlers. They varied greatly in size—from those with $2,000,000 assets to some with $300,000,000 in assets. Liquor and tobacco companies, so often included in widely circulated food statistical compilations, were excluded, because their problems differ from those of the food processors.

Sales of these 50 companies in 1943 were estimated at $8,200,000,000. They were $7,431,848,000 in 1942; $5,927,294,000 in 1941; $4,696,009,000 in 1940, and $4,244,510,000 in 1939.

Assets of these companies, in order to handle the almost doubled dollar sales volume, accompanied by the high physical volume, were increased between 1939 and 1942 by $506,761,000 or 19%. Total assets of these 50 companies were: $2,665,745,000 in 1939; $2,720,150,000 in 1940; $2,989,767,000 in 1941, and $3,172,506,000 in 1942.

Net income of the 50 companies, after taxes, in 1943 was expected to be about $245,000,000. This would be about 20% larger than the $197,392,000 net profits in in 1939. Meanwhile dollar volume had doubled. Net profits, after taxes, in 1940 were $215,742,000; in 1941 $239,878,000, and in 1942 $226,201,000.

Taxes, vital to finance the war, in 1943 were more than fivefold greater than taxes in 1939. In the latter year they were $50,720,000; in 1940 $72,205,000; 1941, $156,121,000; 1942, $268,987,000, and in 1943 (estimated) $300,000,000.

The way in which dollar volume of sales helped to reduce total costs of sales (which means here everything except taxes) is shown by the trend of costs of sales per dollar, excluding taxes, which were 94.1 cents in 1939; 93.9 cents in 1940; 93.4 cents in 1941 and 1942, and about 93.3 cents in 1943.

Profits, after taxes, per dollar of sales in 1939 were 4.7 cents; in 1940, 4.6 cents; in 1941, 4 cents; 1942, 3 cents, and in 1943 about 3 cents or a decline of 34% from those of 1939.

Taxes per dollar of sales meanwhile rose 208%. They were: 1.2 cents in 1939; 1.5 cents in 1940; 2.6 cents in 1941; 3.6 cents in 1942, and in 1943 (estimated) 3.7 cents.

Profits, after taxes, on the dollar of invested capital follow: 7.4 cents in 1939; 7.9 cents in 1940; 8 cents in 1941, and 7.1 cents in 1942.

Net sales in 1939 represented a turnover of invested capital of 1.59 times, in 1940 of 1.73 times 1941 of 1.98 times, and in 1942 of 2.34 times. The rate of turnover in invested capital in 1940 was 9% greater than in 1939; in 1941 it was 25% more than in 1939, and in 1942 it was 47% greater than in 1939. In other words, in 1942 each dollar of invested capital produced $1.47 in sales volume for every dollar it produced in 1939.

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NOTE—*From time to time, in this space, there will appear an article which we hope will be of interest to our fellow Americans. This is number twenty-three of a series.*
SCHENLEY DISTILLERS CORP., NEW YORK

I'm Cured!

Some day, when I find time, I might write a little book entitled "Over-heard by a commuter." Be sure you read that correctly; I said over-heard not "overhead." The latter might be a subject for another book.

The other day I over-heard a very interesting conversation between two fellow commuters in the seat just behind me. Odd, isn't it, how hard it is to resist listening to conversations when it's none of your business; or looking over a fellow's shoulder while he is reading something. Sort of draws you like a magnet. Well, what I started to say was, both of these chaps were griping and grousing about their high income taxes, and rationing, and about a lot of other inconveniences that are a part and parcel of wartime conditions.

Now, really, these two guys aren't bad fellows—they were just blowing off steam. In a pinch they'd sacrifice a lot more than they are giving up now... they'd give their "shirts," if necessary, to help win the war! After all, griping is one of the privileges of a free and articulate citizenry. And just listen to a good soldier's gripe, sometime, or talk to a seasoned, old top-sergeant.

This writer happened to be cured of "grousing" in a rather peculiar manner. He was privileged to read a letter, sent to a neighbor, from a boy who is somewhere in the South Pacific. The boy wrote of the many hours he was spending in fox holes dodging Japso's bombs; how he and his buddies had to dive into these holes "in the middle of the night." Then he wrote in his letter, "I understand some of the folks back home are griping about their ration cards. Tell them for me—I'll trade my fox hole for their ration card—even!" Well, it takes a jolt like that, once in a while, to bring you to—and to shame you, too. In that case what do you do? You just stop griping.

Well... this war—this job we're doing costs a lot of money—our money. We're paying for it... but it's worth the price. *It's durable goods we're buying!* And what good would our money, or anything else, do us if we lost all of the things that are worth so much more, to most of us, than all the money in the world? *You see, I really am cured!*

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FREE—*A booklet containing reprints of earlier articles in this series will be sent you on request. Send a post-card to me care of Schenley Distillers Corp., 350 Fifth Avenue, New York 1, N. Y.*

N. Y. Analysts To Hear

The New York Society of Security Analysts, Inc., will hear J. W. McInerny, of Wood, Walker & Co., speak on "Interesting Opportunities in New York Central," at their meeting to be held on March 17.

On March 22, H. D. Hughes, technical representative of Carbide & Carbon Chemicals Corporation, will speak on "Recent Advances in Aliphatic Chemistry."

All meetings are to be held at 56 Broad Street, New York City, at 12:30 p.m.

Fagan & Co. To Admit

Abraham Ungerleider will as of today be admitted to limited partnership in Fagan & Co., 41 Broad Street, New York City, members of the New York Stock Exchange. In the past Mr. Fagan was a special partner in the firm.

MARLIN-ROCKWELL CORP.

Memorandum sent on request

CHAS. W. SCRANTON & CO.
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Connecticut Brevities

On the first of March the city of Bridgeport sold to a dealer $454,000 refunding bonds due serially March 1 from 1946 through 1954 at 100.289 for a .90% coupon. These were subsequently reoffered in the market at prices ranging from a .45% to a .85% basis. Also sold were $450,000 interceptor bonds due serially March 1 from 1945 to 1954 at a price of 100.08 for a 1% coupon. Reoffering was on a scale ranging from a .35% to a 1.10% basis. This sale represents an all-time high in prices for Connecticut municipals.

* * *

The Connecticut Light & Power Co. showed a total operating revenue of $27,370,502 for the year ended Dec. 31, 1943. This was an 8.1% increase over the previous year. On the other hand, operating expenses increased 13%.

Net income was $3,699,313 against $3,586,506 or $2.56 per share compared with $2.50 in 1942. The preferred stock showed earnings of $11.01 per share against $10.67 a year ago, and fixed charges and preferred dividends were covered 2.14 times in both years. Equity per common share was $42.10 against $42.11 last year.

During the year, the company redeemed $7,038,000 of the 3½% debentures of 1956. Cash at the end of the year totalled $4,829,954.

* * *

Due to increased demand from industrial and residential users, The United Illuminating Co.'s sales of electricity increased approximately 9.6% during the past year, bringing operating revenues to a total of $13,765,105. Expenses of operation of $5,646,830 were up 11.5% while maintenance expenses of $885,219 advanced about 67% over 1942. Earnings for 1943 were $2.09 per share compared with $2.10 for the preceding year.

* * *

The Bridgeport Brass Co. reports earnings for the year ended Dec. 31, 1943, of 57¢ per share against 87¢ in 1942—both figures excluding post-war refund. Net income was $1,287,520 as compared with $1,522,162 a year ago. Equity per common share increased from $13.93 to $14.78.

* * *

For the year ended Dec. 31, 1943, Bristol Brass Corp. reported earnings of $5.19 per share against $5.66 the preceding year. Equity per share was $54.07 — an increase of $2.02 over 1942.

* * *

The Silex Company as of Dec. 31, 1943, showed net sales of $4,548,722 against $2,881,528 for the previous year. Net income before taxes was $1,084,944 or an increase of 86.6% over 1942, while net income (after taxes) was $365,444 as compared with $286,368 a year ago—an increase of 27.6%. On a per share basis, earnings were $1.70 against $1.33 in 1942. State and Federal taxes show an increase of $424,500, being $719,500 in 1943 and $295,000 for the previous year. As of Dec. 31, the company had cash and U. S. Government securities totalling $1,040,818 and a back-log of orders in excess of 60% of the volume of 1943 sales.

* * *

The Southern New England Telephone Co. has two new members on its board of directors—Eugene E. Wilson, Vice-Chairman of the United Aircraft Corp., and Franklin R. Hoadley, President of the Atwood Machine Co., of Stonington. These men replace the late Thomas W. Farnam and the late James Lester Goodwin.

* * *

The Hartford Gas Co., completing its 94th year of service, reports the largest volume of gas sales in the company's history—5.6% ahead of last year. Net income for the year ending Dec. 31, 1943, was $399,527—an increase of $19,711 or 5.2% over last year's operations.

Earnings on the preferred stock were $13.32 per share as compared to $12.66 in 1942, while the common showed earnings of $2.26 against $2.13 for the previous year. Total taxes were 2% over the preceding year and 108% over 1935 taxes. During the year plant and property improvements totalled $137,155, the major improvements being made at the Front Street plant.

* * *

Total sales made by Veeder-Root, Inc., in 1943 doubled those of 1942. Net earnings per share amounted to $4.08 after deducting a reserve for contingencies almost the equivalent of $1 per share. This compared with $3.03 for 1942. At the year end, the company had current assets totalling $5,808,841 of which $2,305,610 was cash and $917,836 in U. S. Government securities. Current liabilities were $2,772,951.

* * *

Niles - Bement - Pond Company reported gross profit on sales of $26,835,692 for the year ended Dec. 31, 1943, as compared with $20,680,480 for the previous year. Net income was $2,256,584 against $2,172,268 in 1942. At the end of 1943 there were 789,350 shares outstanding as compared with 712,100 a year ago, the additional shares being exchanged for capital stock of the Chandler Evans Corp. The earnings per share for 1943 were $2.86 as compared with $3.05 a year ago. These earnings include a post-war refund of $1.36 and $1.20 respectively. Current assets totalled $43,090,111 of which $14,998,259 was cash and $5,228,071 was invested in U. S. Government securities. Current liabilities were $32,870,538. Equity per share was $22.37 against $19.84 in 1942.

Detroit Gets First Girl Trading Manager

Griswold Street, heart of Detroit's financial district, was rocked to its foundations this week by the news that pretty Miss Alice Farr will take over the job of manager of the trading floor at Hornblower and Weeks offices within a week or two.

Dark-eyed, dimpled, precedent setting Miss Farr started her financial career in 1936 when, fresh out of high school, she became a stenographer in the bond department of Dominick & Dominick, remaining with Watling, Lerchen when that firm took over the office. She later moved over to First of Michigan and from there went to Blyth & Company, where she is now employed. It was at the latter firm that she first worked on the trading desk.

Said Charles R. Perrigo, resident partner of Hornblower & Weeks: "We're glad to welcome her into the organization and I'm sure she'll do a great job. Her career on Griswold Street has demonstrated unusual ability in a field where all too few women try their hands."

Insurance Stock Index

The Mackubin, Legg Casualty Index registered a decrease of 1.7 points for the month of February, while the Fire Index showed an increase of .4 points for the month. Copies of the Index, giving comparative figures for 1942, 1943 and 1944, may be had upon request from Mackubin, Legg & Company, with a comparative statement of 1943 and 1942 fire and casualty insurance company earnings and liquidating values. Also available are memoranda on the Aetna Insurance Company, Fidelity & Guaranty Fire Corporation, and Reliance Insurance Company. Requests should be made to the Insurance Stocks Department, Mackubin, Legg & Co., 22 Light Street, Baltimore, Md.

Personnel Changes

(Special to The Financial Chronicle)

DETROIT, MICH.—**Francis J. Lynch**, formerly with Wm. C. Roney & Co., has become connected with **Watling, Lerchen & Co.**, Ford Building.

(Special to The Financial Chronicle)

GRAND RAPIDS, MICH. — **Claude M. Hatch** has been added to the staff of **Wm. C. Roney & Co.**, Grand Rapids National Bank Building.

(Special to The Financial Chronicle)

GRAND RAPIDS, MICH. — **J. Henry Geurkink**, previously with King, Wulf & Co. and Harper Wegusen & Yonkman, is now with **Straus Securities Company**, Federal Square Building.

Sutphin With Hornblower

(Special to The Financial Chronicle)

HARTFORD, CONN.—**Henry H. Sutphin** has become associated with **Hornblower & Weeks.** Mr. Sutphin was previously with Merrill & Company of Hartford. Prior thereto he was with Roy T. H. Barnes & Co.

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Michigan Brevities

Luke Leonard, special representative of B. C. Forbes' Investors Fairplay League, resigned to become Michigan representative of Vital Food Corp. of Chicago. . . . William Alfs, general counsel for the New York Central Railroad, was named Director of International Detrola Corp. . . . Paul H. Townsend, Vice-President and General Manager of the Huron Portland Cement Co., was elected a director of Federal Motor Truck Co. . . . And James Cope, Washington representative of the Automotive Council for War Production, arrived in Detroit to take over his new job of assistant to the President of Chrysler Corp.

A syndicate composed of Shields & Co., H. V. Sattley & Co., Inc., Crouse, Bennett, Smith & Co., and McDonald-Moore & Co., purchased $405,000 School District No. 2, Township of Lake, Macomb County, Mich., 1944 refunding bonds at an interest cost of 2.958%.

The bonds mature May 1, 1945 to May 1, 1966, both inclusive, and are being reoffered to yield 1.50% to 2.85%. The larger portion of the issue was sold the first day of offering.

The proceeds of the sale, together with $7,000 on hand in sinking fund, will be used to call for redemption on April 1, 1944, a total of $412,000 1937 refunding bonds, series A and B, due Oct. 1, 1966.

Matthew Carey, refunding agent for the district, reports that the new issue was offered to take advantage of prevailing lower interest rates and that the net interest cost for the life of the new bonds, after deducting premium and assuming full exercise of call provisions, will be $114,786.85. The interest cost at rates provided for in the 1937 issue would be $146,644.20, so that a saving of $31,857.35 or 21.72% has been effected by refunding.

Lewis F. Gordon, National President of the Financial Advertisers Association, was speaker at the annual banquet of the Michigan Group in the Book Cadillac Hotel the latter part of February.

One of the most successful to date, Earl Failor, Vice-President of the National Bank of Detroit, and C. B. Leonard, Assistant Vice-President of the Detroit Trust Co., were in charge of arrangements for the meeting.

Otto Wismer, President of the Bankers Trust, did an outstanding job as toastmaster.

News that at least two offers had been made for the purchase of the Grosse Pointe Savings Bank, located in Detroit's wealthiest suburban area, stirred banking circles last week.

Five bids were received for an offering of $40,000 1944 refunding bonds of School District No. 7, Troy Township, Oakland County, Mich., at a sale held Feb. 24. The successful bidder, L. T. Hood & Co. of Detroit, paid par plus a premium of $47.50 for the issue.

The issue will be dated March 1, 1944, with serial maturities of 2,000 each on May 1, 1945 to 1953, inclusive; $3,000,000 each on May 1, 1954 to 1959, inclusive, and $4,000 on May 1, 1960. The maturities of May 1, 1958-1960 are callable on and after Nov. 1, 1949, 1947 and 1945, respectively. The bonds bear interest at the rate of 3% to May 1, 1954, and 3.5% thereafter to maturity.

The proceeds of the sale will be used to call for redemption on April 1, 1944, an equal amount of 1937 refunding bonds, series A and B, due Oct. 1, 1962.

Somewhat of an innovation in Detroit is the service offered by one of the trust companies here to soldiers.

Those going into the armed services are given complete financial service absolutely free, with the trust company handling many details such as mortgage and insurance payments.

Although this service has not been advertised by other than word-of-mouth, an official of the firm reports that many fathers have availed themselves of it recently.

Negotiations have been concluded by the Miller Manufacturing Co. of Detroit, makers of special service tools for auto, aviation and other type engines, for the acquisition of controlling interest in the Rieke Metal Products Co. of Auburn, Ind., world's largest factory in production and sale of metal fittings for containers.

To consummate the Rieke deal, which involves 51% of the stock, Miller would issue 100,000 shares of $5 par convertible class A stock and increase the present common from 300,000 to 750,000 shares. The class A may be sold to provide the $712,500 purchase price and additional working capital, it was stated.

Aeronautical Products Inc.
Common

Latest Information on Request

MERCIER, McDOWELL & DOLPHYN
Members Detroit Stock Exchange
Buhl Bldg. Cadillac 5752
DETROIT 26

Howell Electric Motors
Mich. Off. & Theatre, L. T. C.
Great Lakes Term. Whse.
L. A. Darling Co.

Allman, Moreland & Co.
Member Detroit Stock Exchange
1051 Penobscot Building
DETROIT 26, MICH.
Teletype DE 75
Battle Creek Lansing

The "Forgotten Man" Who Can't Forget

The "Forgotten Man"? You know the expression
To depict a victim of the Big Depression.
But it doesn't fit, 'tis plain to see,
He's been getting the works since '33.

He was a real believer at the start,
But he's seen his country torn apart
By profligate waste and executive feud,
And by weasel words to him delude.

He didn't sign up for a One Man Show,
Knows it's the way dictatorships grow;
The Highest Court now a tawdry token!
"No Strike Pledge" much shattered and broken!

He was quite concerned when he got the dope
How Third Term collared the gangster vote;
He's much alarmed by waste of billions;
By crack-pot brain trust—boondoggling minions!

The living cost index he knows is a sham,
When he hasn't the points to buy a ham;
Finally much bored with Fireside Chats,
When he hasn't the dough to feed his brats.

He knows he's been played for a sucker
By railroad man and coal-mine mucker,
Who called the bluff and got a big raise.
But HE doesn't strike—he solicits no praise.

He struggles along at the same old pay,
He doesn't come under the eight-hour day;
He bears the brunt of quadrupled tax,
His worldly possessions are on his back.

He digs up his share of Red Cross quota,
By sacrificing his ice-cream soda;
Scrapes bottom for the War Bond Drive,
Then skimps along to keep alive.

He gets no gas and must trudge the road,
As "MY DAY" is flitting around the globe;
He can't afford liquor, or even buy beer,
But one thing he knows—a reckoning's near.

The "Forgotten Man"? You brain-trust jerk—
He's the White Collar guy—you have his shirt!
Out at the seat and down at the heel,
He knows whose to blame—The Phoney New Deal!

He's a patient guy and seldom hollers,
But now is white-hot under the collar;
Plans a house-cleaning job for Ides of November.
"Forgotten Man"?—you bet he remembers!

HARVEY C. EVANS,
621 S. Spring St., Los Angeles, Calif.
March 8, 1944.

Three Major Factors To Aid Post-War Jobs Cited By Wm. Moll In Market Ass'n Address

Outlines Need for Policies Now in Speech to Marketing Group

Postwar employment can be aided by planning now for prompt settlement of war contracts to speed reconversion, and careful disposal of the huge surplus of government-owned supplies, as well as the vast government holdings of plants and equipment, William J. Moll, executive of Geyer, Cornell & Newell, Inc., said in addressing a luncheon meeting of the New York merchandising group of the American Marketing Association at the Hotel Sheraton on March 9th.

"The way these major problems are handled will effect the jobs of millions of people," he said, "determine the existence of whole industries, and mark the future of the traditional American system of free enterprise."

About $75,000,000,000 in war contracts will have to be settled at the end of the war, and many manufacturers will have money invested in the contracts that will be needed to meet reconversion costs, payrolls and bills for new materials and supplies, Moll said.

"At the war's end the government will probably have $50,000,000 worth of equipment, supplies and materials on hand," he said. "The distribution of this surplus could change more than buying habits, for it could also upset the entire national economy in the change-over from war to peace unless handled properly.

"For instance, when the war is over, we will have enough shoes on hand to injure the shoe industry if they are dumped on the market. The same is true of airplane motors, airplane parts, and many other articles from shirts to ships that cut straight across a major part of American production."

Declaring that the government has invested $30,000,000,000 in industrial plants and equipment for war production, Moll said these holdings equal one-third of the total value of all private industrial companies in the United States.

"The government has become the biggest wartime industrialist and is in a position to become industry's greatest competitor in peace," he said. "Although most of the privately-owned companies now operating these plants will have the legal right to buy them after the war, many things stand in the way of their doing this. A satisfactory solution must be found for the problem as soon as possible so businessmen can plan for the post-war period with confidence."

Personnel Changes

(Special to The Financial Chronicle)

ST. LOUIS, MO.—**Lewis H. Vogelpohl** has been added to the staff of **Dempsey-Tegeler & Co.**, 407 North Eighth Street. Mr. Vogelpohl was previously with the Mercantile-Commerce Bank & Trust Company of St. Louis.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—**Evan James Maranville** is with **Barrett Herrick & Co., Inc.**, 418 Locust Street.

ST. LOUIS, MO.—**Clarence G. Eiler** has become connected with **Barrett Herrick & Co.**, 418 Locust Street.

ST. LOUIS, MO.—**Luman F. Matthews** has become associated with **Reinholdt & Gardner**, 400 Locust Street.

KANSAS CITY, MO.—**John A. Ruhl** is now with **Barrett Herrick & Co., Inc.**, 1012 Baltimore Ave.

MARKETS
Berkshire Fine Spinning Associates com. & pfd.
Chicago, Wilmington & Franklin Coal
Chicago & Southern Airlines
Ely & Walker Dry Goods Company
Hearst Consolidated Publications Class "A"
Interstate Aircraft & Engineering
Marathon Paper Mills
Old Ben Coal 6s and 7½s
Portland Electric Power 6s, 1950
St. Louis Public Service issues
Steel Products Engineering
Stonega Coke & Coal

SCHERCK, RICHTER COMPANY
Landreth Building
St. Louis, Mo.
Bell Teletype SL 456
Garfield 0225 L. D. 123

Missouri Brevities

Ely & Walker Splits Stock

At a special meeting held early this month, stockholders of Ely & Walker Dry Goods Company approved the plan to split the first and second preferred stocks, $100 par value each, into shares of $20 par value, one share of old receiving five shares of new. All the rights and privileges of the old stock were retained according to E. P. Cane, President.

The common stock's par value was changed from $25 to $20 and two new shares given for each share of old. Considerable activity has developed in the common since delisting from the St. Louis Stock Exchange in November, 1943, and prices have advanced from the 27-28 level to the 4½-42 or 20¼-21 on the new basis.

Anheuser-Busch Reports

Adolphus Busch, III, President of Anheuser-Busch, Inc., in his annual report to stockholders states that, "although all major departments of the business were operating at the limit of practical productive capacity, many uncontrollable factors of cost have effected some small reduction in profit yield. 1943 operations resulted in a final net profit of $6,081,789, or $6.76 per share, compared with 1942 final net profit of $6,439,818 or $7.15 per share." Further growth in sales of dried vitamin bearing yeasts and yeast derivatives is reported together with full volume production of other products identified with the food industry such as bakers' yeast, corn syrup, malt syrup, table syrup, starches, and dextrines. Balance sheet of the company continues to reflect its usual strong liquid position, current assets of $21,518,566 comparing with current liabilities of $3,693,275. Cash and U. S. Government securities alone totaled $8,310,784. Company is without funded debt, bank loans, or preferred stock. A "deferred capital expenditure fund" consisting of $3,000,000 U. S. Certificates of Indebtedness and parent company post-war credit, or a total of $3,951,831, is shown among other assets and is to be used in financing improvements immediately after the war or when present restrictions permit.

Dividends in 1943 totaled $4 per share on the 900,000 shares of $20 par value capital stock outstanding and payments of 75¢ and $1.00 have been made so far in 1944.

Proxy Fight Develops in Champion Shoe Machinery

Concerned over continued deficits shown by Champion Shoe Machinery Co. of St. Louis, a group of local business men, many of whom being identified with local investment firms, have actively solicited proxies for the annual stockholders meeting. Letters have been sent out directing attention to the unfavorable operating results obtained by the present management in comparison with other companies in the same field. A tentative slate has been prepared for election to the board of directors and if enough proxies are received to elect a majority to the board, this group has signified its intention to study the company's affairs closely and make whatever changes they deem necessary to improve the company's operations.

S. A. Dobyne, President of the company, has directed a letter to stockholders, in which he endeavors to refute the statements made by the local group.

McQuay-Norris Stock Split Proposed

McQuay-Norris Manufacturing Co. is asking approval of its stockholders of a three-for-one common stock split at the annual meeting March 27. Recent action in raising the quarterly dividend rate from 62½¢ to 75¢ is thought to indicate a $1.00 rate on the new stock. Listed on the St. Louis and Chicago Stock Exchanges, the common stock was strong on the announcement.

Missouri Portland Cement Earnings Lower

Construction awards, off 55% in the territory served by the Kansas City plant and 75% less in the territory served by the St. Louis

(Continued on page 1108)

PRIMARY MARKETS
BANK & INSURANCE STOCKS
Statistical Information on Request
•
WHITE & COMPANY
Mississippi Valley Trust Bldg.
ST. LOUIS 1, MO.
Coast to Coast Wire System

STIX & CO.
SAINT LOUIS
509 OLIVE ST.
Bell System Teletype—SL 80
•
Members St. Louis Stock Exchange

An interesting stock with good post-war outlook
Buckeye Incubator Company
Common
Analysis on Request
Taussig, Day & Company, Inc.
Member St. Louis Stock Exchange
506 Olive Street
ST. LOUIS 1, MISSOURI
Teletype — SL 62

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INVESTMENT SECURITIES
718 Locust Street
Saint Louis 1, Mo.
Central 8250
L. D. 208 St. L. 499

O. H. WIBBING & CO.
Members
St. Louis Stock Exchange
319 North Fourth Street
SAINT LOUIS 2
Teletype SL 158 L.D. 71

PRIMARY MARKETS IN Bank and *INSURANCE STOCKS*

HUFF, GEYER & HECHT

New York 5
67 Wall Street
WHitehall 3-0782
NY 1-2875

Boston 9
10 Post Office Square
HUBbard 0650

Chicago 3
135 S. La Salle Street
FRanklin 7535
CG-105

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PROVIDENCE, Enterprise 7008

Bank and Insurance Stocks

By E. A. VAN DEUSEN

This Week — Insurance Stocks

In the February 17th issue of the "Chronicle" excerpts were given in this column from the reports to stockholders of a few leading fire insurance companies. This week further excerpts are presented. In another week or so it will be possible to give a fairly extensive comparative tabulation of 1943 operations of leading fire and casualty companies as reported in their annual "Convention" reports. Meanwhile, further gleanings from presidential reports to stockholders may prove of interest to investors and dealers.

AMERICAN SURETY CO.: Net premiums written in 1943 totaled $13,252,400, an increase of $185,443 over 1942. Operating results for the year ended Dec. 31, 1943, the sixtieth year of operation, compared with 1942, were as follows: net underwriting profits $1,208,660 (increase $195,647); net investment income, $874,861 (increase $32,638); Federal income taxes, $675,000 (increase $75,000); total net income after Federal income taxes, $1,408,522 (increase $153,286), equivalent to $4.70 per share. Mr. S. F. Lafrentz, president, stated that the Company's Home Office Building at 100 Broadway, New York City, was 97⅔% rented.

FIDELITY AND DEPOSIT CO.: The fifty-fourth annual report of this company was presented at the annual meeting of stockholders on Feb. 16, 1944 at the home office of the Company in Baltimore. Net premiums written totaled $10,540,174, a decrease of $755,282 from 1942. This decrease was entirely in the contract bond department as a result of the country-wide decline in building and construction; all other underwriting departments experienced an increase. The gain from underwriting was $2,745,290 and net investment income was $724,522, while the total profit from operations, before Federal income taxes and adjustment of contingency reserves, was reported at $3,460,483, compared with $3,062,261 in 1942. With regard to taxes, Mr. Frank A. Bach, president, said: "Taxes continue to increase. Federal and other taxes cost our earnings this year through payments and reserves $1,911,541 (equal to $15.93 per share of stock outstanding), an increase of $393,533 over 1942. We have been able to reduce our controllable expenses by operating economies, but the item of taxes is beyond our control." The closing sentence in Mr. Bach's report is as follows: "With full realization of the uncertainties which lie ahead we face the future confident of the ability of our organization, so far as it is within its power, to cope with situations as they arise."

Guaranty Trust Co. of New York

Bulletin on Request

Laird, Bissell & Meeds
Members New York Stock Exchange
120 BROADWAY, NEW YORK 5, N. Y.
Telephone: BArclay 7-3500
Bell Teletype—NY 1-1248-49
L. A. Gibbs, Manager Trading Department)

Trading Markets:

Bank & Insurance Stocks
Continental Bank
Irving Trust
Firemen's of Newark
Great American Ins.
Other Issues Traded

J. ARTHUR WARNER & CO.
120 Broadway, New York 5, N. Y.
COrtlandt 7-9400 Teletype NY 1-1950

HARTFORD FIRE INSURANCE CO.: Net premiums written in 1943 were close to $51.000,000, a reduction of $1,250,000 compared with 1942. The underwriting gain, as reported to the Insurance Department of Connecticut, was $3,110,005 ($2.59 per share), an increase of $1,428,541 ($1.19 per share) over 1942; investment income amounted to $4,529,603, an increase of $242,189 compared with 1942. With regard to taxes, Mr. C. S. Kremer, president, said: "Total taxes paid by the Hartford Fire Insurance Company Group in 1943 amounted to $8,003,221, which compared with a similar item of $5,045,017 in 1942; and with $3,774,126 in 1941."

HOME INSURANCE CO.: Net premiums written amounted to $61,567,060, a figure only tractionally below that of 1942. Ocean marine and automobile writings declined $6,070,000, but fire and allied lines increased nearly $6,000,000. Underwriting gain and net investment income, before Federal income taxes, amounted to $4,575,422 and $4,345,486, respectively; the Federal tax amounted to $2,050,088 and $683,949, respectively. Thus, statutory underwriting profits were equivalent to $0.84 per share and net investment income to $1.22 per share, compared with $0.64 and $1.50 respectively, in 1942. With reference to the Company's investments, Mr. Harold V. Smith, president, said: "Dollars for fire insurance premiums today are going in large part into U. S. Government Bonds, thus helping to bear the cost of war. This Company, for example, placed all of its new premium dollars during the last nine months of 1943 into War Bonds, in addition to its regular purchases of these securities."

SECURITY INSURANCE CO. (NEW HAVEN): Nineteen hundred and forty-three marked the 102nd year in the history of this company. Net premiums written totaled $7,703,078, a decrease of $731.307 from the 1942 total. A decrease of $1,666,803 in the ocean marine business was experienced, a decline which was largely offset by substantial increases in the fire and allied lines. An underwriting loss of $95,254 was reported, approximately $57,250 less than the loss reported in 1942; net investment income was $326,166, which was $35,646 below the 1942 figure. Combined earnings from underwritings and investments were $230,912 or $1.15 per share, vs. $1.05 in the previous year. Referring to the heavy fire losses of 1943, Mr. Peter J. Berry, president, made the following statement: "Industry has performed an outstanding job in producing war materials for our fighting forces. The stepped-up production has resulted, however, in increased fire losses due to employing inexperienced help and lowering of fire protection standards, along with increased congestion in the homes and in the factories. Consequently, in 1943 more property was destroyed by fire than in any year since 1932."

With regard to the matter of the Federal indictment of fire insurance companies at Atlanta in 1942, most of the presidents of the fire insurance companies commented on it in their reports, but refrained from discussing its merits. Perhaps one of the most interesting of these comments was that by Mr. George C. Long, Jr., president of **The Phoenix Insurance Company**, as follows: "Demurrer to the Federal indictment against company members and officers of the South-Eastern Underwriters Association, referred to in our last report, was sustained by the Lower Court in Atlanta, Georgia. Appeal by the Government to the United States Supreme Court has been argued and final decision by that tribunal may be expected in the near future. Bills are now before the Congress designed to reaffirm the traditional right of the individual states to regulate insurance and restating the intent of Congress to exclude insurance from the scope of the Sherman Anti-Trust Law when that law was enacted."

WPB Chairman Advocates Reduced Regulation in Peace-Time Economy

(Continued from first page)

many today who cannot understand why we do not permit an immediate return to large-scale civilian production. Now, as before, however, the War Production Board is determined to preserve a sound balance in its policy. That policy can be summed up as follows:

"We will expand civilian production as it becomes possible to do so without interference with the war program, but we will permit no expansion at the expense of essential military production. Today critical shortages in some areas of manpower of certain component parts and of certain materials make it necessary to move with great caution in permitting any expansion of civilian output whatever.

"In designating the areas and the plants which will be allowed to return first to civilian production, our sole criterion will be the public interest. Our decisions cannot be expected to satisfy every business concern which they affect. It will not always be possible, for example, to give identical treatment to competitive concerns. In order to obtain early production of items needed by civilian manufacturers in areas where manpower is available may have to be permitted to resume production of those items before manufacturers in critical manpower areas. Such decisions may cause a certain amount of heartache here and there; but if those decisions are demanded by the public interest they will be made.

"The economy must be kept in balance. The economic balance demands at this time that any expansion of the civilian economy be very gradual, with the needs of the armed forces paramount. That fact ought to underlie the near-term policy and plans of every industrial concern.

"Presently, of course, the collapse of Germany will enable us to return a large part of our resources to peacetime production. But let us recognize, once and for all, that this period of reconversion is still a considerable distance away. We are committed to total victory in this war, to the utter destruction of the forces which threaten the survival of American democracy; and we have a long way to go.

"Now, as in 1942, every group interest that does not coincide with the National interest has to be submerged. It is against the national interest for business concerns to begin jockeying for competitive post-war position. The nation cannot now afford to have the minds which run American business swing away from urgent war problems to post-war markets any more than it can afford to have workers leave war jobs in order to look for jobs in the civilian economy.

"Efforts to beat the gun on the return to civilian business will be unavailing. Their only result will be to slow up war production. No business concern needs to become agitated now about its position on the unknown day when Germany will surrender.

"I would not attempt to prophesy when that day will come, but it is obvious that regardless of when it comes, we will not be able to relax our economic controls over night. A sharp and sudden return to large-scale civilian production would throw the economy off balance. The public interest demands that the return be programmed to safeguard employment and living standards. From the time of the Nazi collapse to the resumption of large-scale civilian production a period of months is bound to elapse—it may be as much as six or eight months. Every concern that has a readjustment problem, like every worker who has an employment problem, will have time to act to insure its position in peacetime industry.

"By continuing to adapt their group policies to the needs of the nation, the leaders of American management and labor can add great strength to the war effort And this strength is not merely economic, it comes not merely from a wise use of manpower, parts and materials, but also from high morale. Sometimes, I think we lose sight of the state of mind of the individual citizen as he does his war job. If he is worried and anxious and suspicious, his energies are bound to flag, and his actions may be unpredictable. But if he has the sense of being on a winning team in which all the players are pulling together, then he is tranquil of mind and full of vigor. You can help give America that confidence by continuing to demonstrate the all-out character of your participation in the war. Morale is not the responsibility of government alone. It is equally the responsibility of industry and of labor and of every other organized group in American life. Everyone of us, in fact, must accept an individual responsibility for the effect of his actions and statements and policies on the public mind. That is particularly true in an election year, when opinions tend to be exaggerated, and when feelings run high.

"We can help to maintain morale not only by directing our energies along the war beam, but also by using a little self-censorship on our words. There is a tendency here and there to disparage the other fellow's contribution to the war effort. That is dangerous. Consider, for example, the matter of strikes and work stoppages in war plants and mines. Like yourselves and like all of the American people, I have frequently been angry and resentful over such stoppages. I have wanted to see strong measures taken to prevent them. Yet, at the same time, I have every reason to know that the workmen in American plants, like the managers, are by and large patriotically devoted to the best interests of the country, and are doing a first-class production job. The best proof of this fact is in the figures of war production. If labor had not done a great job, we could never have reached our production goals. Clearly, we have to make a distinction between factual criticism of work

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64 New Bond Street, W. 1

TOTAL ASSETS
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Associated Banks:
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Glyn Mills & Co.

Australia and New Zealand

BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)

Paid-Up Capital £8,780,000
Reserve Fund 6,150,000
Reserve Liability of Prop.. 8,780,000
£23,710,000

Aggregate Assets 30th Sept., 1943 .... £187,413,762

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Paid-Up Capital...... £2,000,000
Reserve Fund........ £2,200,000

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stoppages, and unfair criticism of labor as a whole.

"In the same sense I resent hearing heedless criticism of the attitude of management. Undoubtedly, here and there, management, like labor, has been open to criticism. There are some weeds in every victory garden. But it is perfectly clear that management on the whole has been splendidly cooperative, and has done a magnificent war job. Had it been otherwise, we would not be winning this war today.

"Unfair criticism of government is equally dangerous. I think it is a bad mistake for any American, regardless of his party politics, to heap contempt on a constitutional American government. Naturally, we have to guard against possible abuses of the public interest by any group of officials. But I tell you plainly, that whenever a leader of opinion breeds contempt for representative government in the minds of the people, then whether he intends it or not, he is inviting chaos in this country.

"I have yet to see one good reason for Americans to fear their constitutional government. Because it is their government. They control it. It represents them. That is true not only of Congress but also of the Executive Branch. Take the specific case of the Government agency I know most about—the War Production Board. Although it works with industry, it is not dominated by industry. It has naturally borrowed many of its staff from the ranks of industry and commerce, but it has also borrowed freely from labor and from the trained administrators of government who are essential to any great public enterprise. These men do not represent their former group interests. They have worked steadfastly together for the benefit of the people as a whole, to speed victory in this war. In the truest sense of the words, they are public servants. This Government of ours is not industry's government, it is not labor's government, it is no Government's government; it is the government of all the people of the United States. So long as the people can change and modify their government, so long as it retains it representative character, they have no cause to fear.

"Factual criticism is healthy, it is democratic, it is necessary to successful popular government. But to spread unfair criticism in order to serve special interests is as vicious as it would be to spread disease germs in order to sell medicine. We know that by and large every major group in the country has genuinely subordinated itself to the nation's need in this war. When we criticize any group in American life, every one of us owes it to the nation to be sure of his facts and to set an example of restraint and accuracy.

"The unwarranted fears stirred up by heedless criticism drive people into taking extreme and dangerous positions. It is only unwarranted fear about the attitude of government that would make business seek a premature return to civilian production at the risk of the national war effort. It is only unwarranted fear of the attitude of management and government that would make labor become unduly agitated over cutbacks. I say that such fears are unwarranted because to me it seems unmistakable that our economic future, both for the near term and the long term, is full of bright promise. Never before has so much realistic thinking and intelligent planning gone into the preparation of an economic readjustment. This planning is being done not only by the Executive Branch of the Government, but by Congress, by industry itself, by labor, by farm groups and by thousands of individual communities; and all of these groups are collaborating with one another. Some of the plans that have been made may need improvement; and much planning remains to be done. My point is that the country is better prepared than ever before in its history to anticipate the problems that lie ahead, and to overcome them by wise action.

"When I place reliance on the sound economic planning that has been done, and is being done, I am thinking only of the period of transition, when controls will obviously be needed. I certainly would strenuously oppose any attempt to put the post-war economy in a totalitarian straitjacket. It has been my goal from the very start to limit detailed economic planning as nearly as may be to wartime production of military and civilian essentials. To regulate the peacetime economy in detail would be to do irreparable injury to the free enterprise system in the United States. Regimentation would almost certainly tend to choke off new competition, and to drain away the personal initiative which has been and is a source of ever-renewed strength to the nation.

"Those of us who want to see the free enterprise system not merely survive, but grow and develop, need to recognize that the long-range future of free enterprise hinges on its capacity to serve the needs and desires of the people for security and improved living standards. Security can be established and living standards can rise only in a national atmosphere of confidence. Certainly, the trend of the war and the outlook for the post-war economy justify us in feeling confident. The worst dangers which the nation must face now are the dangers to morale which arise out of selfish group behaviour, heedless criticism, and artificial fear.

"As individuals and as representatives of industry, you can go far to strengthen the national economy and the national morale. Your example in persistently supporting the all-out war effort and your self-restraint in actions and utterances cannot help but promote unity and confidence among the people. It is entirely possible that by exerting a constructive influence on public opinion at this time you can set the tone of the entire generation of American life that lies ahead. Unity and confidence are all we Americans need to fulfill the promise of our history. To me it seems beyond doubt that a unified America, victorious in war and confident of her peacetime future, will lead the world to such momentous achievements in the arts of civilized living as our minds can scarcely conceive."

Brains OVER Bricks

For years it has been an accepted business practice to insure material assets—plant, machinery, stock and fixtures.

But a far more important asset—the brain power of a key executive—is frequently overlooked.

The greatest asset of a business is its brains—the power that develops it, creates good will, brings in customers.

The loss of material assets can be made good quickly. But it takes time, thought and money to replace the man whose directing force renders the business profitable.

His death causes uneasiness in the organization, shakes the confidence of customers, and tightens credit when credit is needed most. And death usually strikes at the wrong time.

Today's conditions call for a proper appraisal of brains. And brains call for the fullest protection—the protection afforded by Business Life Insurance.

BUSINESS LIFE INSURANCE cannot prevent, but will compensate the loss of a key man in your business.

The Cash Proceeds Will:

1. Indemnify your business against its great loss.
2. Assure the cooperation of creditors.
3. Permit the completion of projects already under way.
4. Attract a competent successor and enable him to carry on unhampered by money problems.

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Mutual Funds

In an article appearing elsewhere on this page, the National Association of Investment Companies reports on the 1943 year-end holdings of 90 investment companies. Mr. Paul Bartholet, Executive Director of the Association, summarizes in his covering letter the results of a separate study showing the changes in distribution of investment company holdings by major industry groups since the outbreak of war.

This study reveals that the combined holdings of 12 large funds during the past four years show substantial increases in the following groups:

Railroad bonds
Utility and other preferred stocks
Oil stocks
Bank and finance company stocks
Food and beverage stocks
Motion picture company stocks
Rubber and tire issues

Substantial decreases occurred in the holdings of

Metal and mining stocks
Chemical stocks
Steel stocks
Electrical equipment stocks

Mr. Bartholet draws attention to the "distinct trend away from industries most closely connected with the war effort and into those generally accepted as having good post-war prospects."

* * *

Last week **Distributors Group** issued a new folder, "The Effects of Peace on Steel." This folder emphasizes the distinctly abnormal market action which steel stocks have had during this war. Authoritative estimates of postwar demand for steel are quoted and the earnings of steel stocks are projected on the basis of the most conservative of these estimates.

Assuming a decline of 30% in steel production after the war, the folder gives the example of a typical steel company and shows that, with the elimination of the excess profits tax and the need for contingency reserve, the earnings of this company would actually increase 66%.

"Present undervaluation of steel stocks is an extreme example of the effects of mistaken popular judgment. Their present low prices reflect a misunderstanding on the part of many investors of the effects of peace. Contrary to general opinion, these effects will be constructive."

Distributors Group has also published an issue of **Railroad News**, discussing the improvement in rail bonds as a result of the debt reduction program now being carried out by the railroads. Quotations are taken from the March 13 issue of "The Outlook" published by Standard & Poor's.

* * *

Lord, Abbett is asking the aid of dealers and holders of **Affiliated Fund** shares in obtaining a sufficient number of proxies to permit Affiliated Fund to carry out its proposed refunding program. Proxies representing over half of all shares outstanding have already been received. However, certain of the proposals require a two-thirds favorable vote, and it is these additional proxies that the sponsor is now seeking.

In a recent letter, Lord, Abbett emphasizes the gain to shareholders which will result from this proposed refunding. "The gain . . . is so great that the expense of the operation will be gained back in the first six months, and thereafter net investment income will be greater by at least 3 cents per share per year. On the $10,000,000 principal amount (of debentures to be refunded), the difference between 4% and 2½% is $150,000 per year."

The latest issue of Lord, Abbett's **Abstracts** quotes the column, "T. G. M. Says," which appears regularly in the Boston "Daily Globe." "Investment Trusts Are Growing" is the title of the article, and it makes good reading for everyone interested in this field.

"At the end of 1943, the combined assets of 110 investment trusts amounted to $1,441,000,000, a gain of $333,000,000 during the year," states the article. "When all is said and done, a well-managed investment trust should be the ideal investment vehicle for people of small means, for it offers the only practical medium through which broad diversification of risks can be obtained. And it is only through broad diversification, properly supervised, that the small investor can hope to obtain a reasonably high rate of return without taking undue chances."

Keystone Corp., in a current issue of **Keynotes**, discusses "Investment for Capital Growth." After pointing out that two classes of investors are primarily interested in capital growth rather than income—investors who are in high personal tax brackets, and investors who want protection against inflation—the bulletin summarizes the characteristics of "Appreciation Preferred Stocks," "Speculative Common Stocks" and "Fast-Moving Low-Priced Stocks," three classes which are available through the respective series of Keystone Custodian Funds.

An earlier issue of Keystone depicts the price-earnings ratios of preferred stocks — income preferreds and appreciation preferreds. In both classes the 1943 price-earnings ratio is far below that of 1937, particularly so in the appreciation preferred class. As stated in the bulletin, this latter class of stock "is extremely volatile and should not be used where reliable income is a requirement. Suitable for inflation protection or where maximum appreciation possibilities are desired."

* * *

"When Is a Bond Not a Bond?" asks **George Putnam Fund** in its March **Portfolio Review.** The point made is that a "functional" type of portfolio diversification whereby investments are arranged according to the job they are expected to perform rather than on the basis of legal type is less confusing and more accurate even though in certain instances it may result in the placing of a bond in the equity section of the list.

* * *

"It seems self-evident that investors should request advice from experts.

"A convenient method for investors to benefit from experts' judgment is to purchase shares in a well-managed investment fund.

"Such shares should give investors a greater degree of safety, of income, of marketability and of potential appreciation—combined—than any other type of security.

"Yet how does one choose good management?

"It would seem that one should choose a firm or group of men whose sole interest is investment management—not conducted as a side line.

"It should seem that such an organization should have sufficient income to employ the best available brains. Because a comprehensive and scientific piece of management should have a definite bearing on results.

"Achievements of an organization should obviously have been above the average. And, finally, it should be thoroughly experienced."—From "Half a Century," a booklet issued to commemorate 50 years of Calvin Bullock investment management."

* * *

Investment Literature

National Securities & Research Corp.—Current issue of **Investment Timing** discussing "Unanticipated Developments in Commodity Loans." . . . **Massachusetts Distributors**—Recent issue of **Brevits** analyzing the present position of the market and pointing out some fallacies in the various "Averages." . . . **Selected Investments Co.**—An example in the current **Selections** showing how diversification paid in a specific instance in the portfolio of Selected American Shares. . . . **Hugh W. Long & Co.**—Current portfolio folders on **New York Stocks** and **Manhattan Bond Fund.** . . . **Lord, Abbett**—A revised portfolio folder on Union Common Stock Fund A and the monthly Composite Summary covering all Lord, Abbett sponsored funds. . . . **Distributors Group**—Revised portfolio folders on Railroad Shares, General Bond Shares and Low Priced Shares. . . . **Keystone Corp.**—A current issue of **Keystone Investor.** . . . **Leffler Corp.** — Descriptive leaflets on Axe-Houghton Fund and Axe-Houghton Fund B.

Dividends

Group Securities, Inc.—The following dividends per share payable March 31 to shareholders of record March 20, 1944:

Class—	—For First Quarter— Regular	Extra	Total
Agricultural	.05	—	.05
Automobile	.05	.02	.07
Aviation	.02	.03	.05
Building	.04	—	.04
Chemical	.04	—	.04
Electrical equipment	.05	—	.05
Food	.04	—	.04
Fully administered	.04	.04	.08
General bond shares	.11	.03	.14
Industrial machinery	.08	—	.08
Investing company	.04	—	.04
Low priced	.05	.03	.08
Merchandising	.07	.03	.10
Mining	.03	—	.03
Petroleum	.05	.05	.10
Railroad	.05	.03	.08
Railroad equipment	.05	—	.05
Steel	.06	—	.06
Tobacco	.05	—	.05
Utilities	.01	.02	.03

Scudder, Stevens & Clark Fund, Inc.—A dividend of 75 cents a share payable March 20 to stockholders of record March 9, 1944.

State Street Investment Corp.—A dividend of 50 cents per share payable April 15 to stockholders of record March 31, 1944.

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SELECTED INVESTMENTS CO.
135 South La Salle Street
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INCORPORATED INVESTORS

Prospectus may be obtained from authorized dealers, or

The PARKER CORPORATION
ONE COURT ST., BOSTON

NATIONAL SECURITIES SERIES

Prospectuses upon request

National Securities & Research Corporation
120 BROADWAY, NEW YORK, (5)
LOS ANGELES, 634 S. Spring St., (14)
BOSTON, 10 Post Office Square (9)
CHICAGO, 208 So. La Salle St. (4)

Trading Markets:

Investment Trusts
Dividend Shares
Manhattan Bond Fund
Mass. Inv. Trust
Quarterly Income Shares

Other Issues Traded

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COrtlandt 7-9400 Teletype NY 1-1950

Stocks Most Widely Held By Investment Co's

Oil stocks lead those of all other industries in popularity as investment company holdings at the present time, Standard Oil Company of New Jersey being the single most widely held issue. This is shown by a study of 1943 year-end portfolios issued yesterday by the National Association of Investment Companies. Utility stocks as a group, including both preferred and common issues, are close runner-up, but among individual issues, Montgomery Ward and the two big peace-time automobile producers, General Motors and Chrysler, follow Standard Oil of New Jersey in breadth of ownership among these investment funds.

The 10 most widely held stocks on Dec. 31, 1943, among 90 portfolios analyzed, were the following:

No. of Funds Holding Stock	Name of Stock—	No. of Shs. Held
54	Standard Oil of N. J.	331,446
53	Montgomery Ward	328,325
52	General Motors	230,984
48	Chrysler	182,825
46	International Nickel	317,100
44	Texas Company	277,276
44	General Electric	223,030
42	North American Co.	1,361,180
42	Socony-Vacuum	790,280
41	American Gas & Electric	381,100

This list, the Association points out, does not necessarily represent the issues which investment companies are currently purchasing, nor would the individual managements in many cases be likely to list these particular stocks if asked to name 10 outstanding investment issues. Most funds are continuously seeking investment opportunities among the less well-known issues which do not show up in a list based on breadth of ownership. There is also a wide difference among companies as to investment objectives and policies, which results in considerable variance in security holdings.

Adjustment of investment portfolios to the changing outlook is shown by comparison of recent holdings with those of four years ago, which was about the time the war in Europe started and before any real conversion of American industry to war production had occurred. Mining company issues, which were then second only to oil stocks, have declinde more than 50% in the total amount held by a representative group of funds; substantial decreases in holdings of chemical stocks, steels, aircraft and electrical equipment manufacturers have also taken place. However, signs that some investment companies are renewing their interest in certain stocks in these groups have appeared recently.

Large increases in holdings over the four years have been in railroad bonds (principally defaulted and second-grade issues), utility holding company preferreds, bank an installment finance company, food, beverage and motion picture company securities. Three groups in which combined holdings are still not large but represent big percentage increases over the end of 1939 are rubber and tire companies, drug manufacturers and the air lines.

Missouri Pacific and Chicago, Milwaukee & St. Paul obligations are the most widely held among defaulted railroad bonds, while Southern Pacific, Northern Pacific and New York Central, in that order, appear to be the most fa-

(Continued on page 1106)

Stock Market Awaits Invasion: Babson

(Continued from first page)

The enthusiasm generated by the news of a successful land invasion should move stock prices ahead. This first move must then be digested. The following course of the market for some little time may then be quite markedly affected by the success or failure of Allied progress in the various invasion theaters.

Current Factors Favorable For Rise

Prevalent good news would normally make stocks act well. For the most part, the tax bill favors investors. Results of the recent Bond Drive are gratifying. Some leading corporations have increased dividends. Annual reports show satisfactory results. Renegotiation is not unduly reducing previously reported profits. Money in circulation has reached astronomical heights. Loans on life insurance policies are extremely low. Household mortgages have been greatly reduced. Employment has been well maintained. Salaries and wages have continued high. Brokers loans are very low.

People have been getting out of debt. They are buying their quota of Government Bonds and at the same time piling up excess cash. Ultimately, the bulk of this money will go into the stock market. A deferred demand for stocks is accumulating just as is a deferred demand for all sorts of consumers goods. When the majority of investors decide that the time is right to fulfill their desire to own stocks, we may have a boom that will make prices exceed those of 1928-1929.

Most Investors Are Fickle

Investors are full of hope one day and in the lower ranges of despair the next. Peace stocks have been so touted that many investors became convinced that the European phase of the war would be over in a very short time. They sold their "War Babies" and went into peace issues. The establishment of a "second front" did not come when expected. We also experienced some hard fighting in the South Pacific. These same investors then decided that after all World War II was not quite ready to fold up. Hence, they stampeded back again into war stocks.

I stick to my forecast that the European phase of the war will not be over until after the November elections. It will then be a long, hard road to Tokyo. Consequently, I never went overboard on peace stocks. I have maintained that the best hedge, whichever way the war goes, is a diversified list of war-peace stocks. These are bound to benefit whatever may happen.

Best Policy for the Investor

Investors should not be bullheaded. It is sensible at times to take losses in order to free capital headed in the wrong direction. Moreover, remember no one ever went broke taking a profit. Hence, the successful investor must be a good seller as well as a good buyer. Generalship and intelligent staff work are as essential to the management of an investment portfolio as to the success of an army.

Investors should have a definite program based upon the broad trend. This now points upward. When this trend will get under way, however, is closely linked to the invasion time. Even a set program of this nature must be looked at broadly. The investor should also have his funds in stock groups behind the averages rather than in those groups ahead of the averages.

Meeting Of Nominating Committee Of New York Stock Exchange

The New York Stock Exchange announced on Feb. 25 that a meeting of the Nominating Committee would be held in the Board of Governors' Room of the Exchange on March 8, for the purpose of receiving suggestions for the positions to be filled at the annual election to be held in May. Those unable to attend were advised that nominees might be suggested by letter. It was also stated that "for the convenience of any members or partners who may wish to appear individually, the Nominating Committee will hold meetings on each Tuesday and Wednesday during March. Appointments may be arranged by communicating with John C. Korn, Acting Secretary of the Exchange.

The announcement states that vacancies will occur in and nominations are to be made for the following positions: Board of Governors, for the term of one year; a Chairman of the Board of Governors, who shall be a member of the Exchange, incumbent, John A. Coleman; for the term of three years: *Four Governors, who shall be members of the Exchange residing and having their principal places of business within the Metropolitan area of the City of New York, incumbents Francis M. Bacon 3rd, Robert P. Boylan, Henry Upham Harris, **Joseph Klingenstein, John K. Starkweather; *One Governor who shall be an allied member or non-member residing and having his principal place of business within the Metropolitan area of the City of New York, who shall be a general or limited partner in a member firm engaged in a business involving direct contact with the public, incumbents Albert H. Gordon and Francis T. Ward; Two Governors who shall be members or allied members or non-members of the Exchange residing and having their principal places of business outside of the Metropolitan area of the City of New York, who shall be general or limited partners in member firms engaged in a business involving direct contact with the public, incumbents Allan H. Crary and Charles C. Renshaw.

Trustees of the Gratuity Fund, for the term of three years: Two Trustees who are members of the Exchange, incumbents, Thatcher M. Brown and Laurence M. Marks.

Nominating Committee, for the term of one year: Five members of the Nominating Committee, three of whom shall be members and two of whom shall be allied members of the Exchange. It is pointed out that no Governor and no member of the present Nominating Committee is eligible for election to the Nominating Committee for 1945.

The following is the Nominating Committee for 1944: David W. Smyth, Chairman; Stephen A. Koshland, Secretary; F. Edward Bosson, Herbert F. Boynton and James G. Purcell.

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*The number of Governors to be elected does not correspond with the number of incumbents shown above for the reason that the size of the Board of Governors will be reduced as provided in Article II of the Constitution.

**As provided in the seventh paragraph of Article II of the Constitution, Joseph Klingenstein is not eligible for re-election as a member of the Board of Governors.

At home with the family of Richard R. Mann, Equitable policyholder of Columbus, Ohio

The Future Is Bright for Dick Mann's Family

Some time after the war is won, Dick and Bernadine Mann plan to build the house they've dreamed about ever since they were married.

Bernadine is eager for a modern kitchen. Dick wants a furnace he doesn't have to stoke. Seven-year-old Anita's desire is a big yard so she can have a dog, and five-year-old Shirley asks for "a swing that hangs from a tree." Richard Jr., age one, is too young to express an opinion, but he'll want plenty of room to romp in.

* * *

Right now, the Manns rent a house, in Columbus, Ohio. Dick is a war worker at the Capitol Manufacturing and Supply Co. The Equitable insurance he owns is playing an important part in his plan for living and preparation for the future.

Dick himself was one of eleven children, and as he says, "We had plenty of hard times. When I started working, I made up my mind that, as far as possible, I'd see there were no rainy days for *my* family. Every family is entitled to security, and life insurance is the best way I know to get it."

* * *

The Manns look forward, some day, to *"taking it easy."* His wife says, "Dick and I were surprised to find how much retirement income for our older years, as well as protection now, we were able to arrange when we worked out a program with our Equitable agent combining our Social Security benefits, Dick's group insurance and his individual Equitable policies."

At the moment, little Anita says she is going to be a trained nurse when she grows up. One thing the Manns know is that whatever careers the children choose, there will be money for their training.

"I never went to college, and neither did Bernadine, but you can bet our children are going to have the chance we missed," Dick says. "That's one important part of my Equitable program—a guaranteed education fund for each of the youngsters. To us that's the American way—knowing that your children will have a better opportunity than you had."

* * *

In the evening, when the baby has been put to bed, the Manns like to talk about their plans for the future. That new home they will build, "just a nice bus ride from Columbus"—the advantages they plan to give their children—their own hopes for leisure some day.

Like so many other American families, these are the things the Manns are building toward, saving for, planning on.

Dividends to Equitable Policyholders Increased

The continuing progress made by The Equitable Society has made it possible to extend additional advantages and services to our policyholders.

Among these is the increase in the dividends to be paid to policyholders in 1944, applying to most types of individual policies.

This action reflects the favorable trend of mortality experience in recent years and the continued financial progress of the Society. During the past several years, the Society has been substantially strengthening surplus and reserves. This has now progressed to the point where it is felt that an increased distribution of dividends for 1944 can prudently be made.

The total amount set aside for dividends on December 31, 1943 is $41,400,000, compared with $36,802,000 on December 31, 1942.

* * *

Every day of 1943, an average of $587,000 in benefits was paid to Equitable families—a total of $214,388,000. This included payments of $1,552,000 to the families of 547 members of our Armed Forces who died in service while protected by individual Equitable policies.

* * *

As a service to the nation, The Equitable has developed, through its group insurance facilities, a program of world-wide life insurance protection for civilian employees of the United States Government serving overseas. This gives the American serving his country as a civilian, protection comparable to that provided for members of the Armed Forces under National Service Life Insurance.

* * *

Using a part of their current earnings to set up permanent protection for the future, thousands of far-sighted families created $294,544,000 of new Equitable protection last year under individual policies. Equitable group life insurance increased $352,548,000. In all, 3,050,000 persons own $8,445,578,000 of Equitable life insurance—a record high.

* * *

During 1943, the Society's assets crossed the three billion dollar mark. The Society purchased $458,850,000 of U. S. Government securities last year, and at the end of 1943 owned a total of $981,351,000.

Today Equitable funds are helping to speed victory through investments in the securities of the Government and American industries. When the war is won, Equitable funds, directed into sound and diversified business enterprises, will help industry provide jobs for our returning soldiers and for workers now making war equipment.

Thomas I. Parkinson
PRESIDENT

YOU WILL ENJOY READING the story of Dick Mann's family in "YOUR POLICY"—The Equitable's annual report. This booklet contains *practical information,* with actual family programs worked out. Ask any Equitable agent for a copy, or write to the Home Office, 393 Seventh Ave., New York 1, New York.

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Canadian Securities

The Government bill now in its last reading in the Canadian House of Commons to establish the $100 million Industrial Development Bank, provides another example of Canadian financial foresight. The primary object of the bank is to supply capital assistance to industry, with particular consideration to be given to the financing of small enterprises, and the whole scheme is part of a program which aims at a high level of post-war employment.

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It is possible that this project was inspired by the astonishing wartime growth of new industries which have been established in the Dominion by European refugees who have received every encouragement from the Department of Trade and Commerce. Consequently, Canadian industry has not only tremendously increased in volume during the war but it has also become diversified to an amazing degree.

During the war period, it is conservatively estimated that at least 50 "refugee" industries have been established. Among them is the Bata shoe plant in Ontario, which, it is believed, will be responsible after the war for a substantial proportion of the Bata export trade. Other industries, mostly new departures for Canada, include diamond-cutting and industrial diamond manufacture, optical glass works, and new developments in the textile trade, notably wool-combing and the establishment of the largest flax-growing and processing plants in the world by the Heskey Flax Products Ltd. of Ontario.

A further interesting enterprise is the utilization of the hitherto neglected hemlock of British Columbia. A Czech refugee discovered that this wood, because of its lightness and freedom from odor, provides ideal material for food packing.

These developments are not accidental and moreover they provide an indication of things to come. Canada is the industrialist's paradise—cheap factory sites, an abundance of hydro-electric power at low rates, fresh water supplies everywhere, a tremendous wealth of raw material of every description, and last but not least a Government which does everything in its power to foster development of this kind.

With regard to the financial events of the past week, the principal feature was the Montreal debt plan and its consequent market repercussions. There was considerable activity in the city's outstanding issues at higher prices and further headway was made towards the successful completion of all arrangements in connection with the debt reorganization scheme. Otherwise, the market was comparatively quiet.

However, the short and medium term issues once more advanced and were marked up about 5 basic yield points generally. There was also a little more activity in the internal section of the market, but the "free" exchange rate still remained at 10 9/16% discount.

In this connection, it is interesting to note that little now is heard of the global exchange plans. There is, therefore, all the more reason to advance once more the only practical solution of the currency problem so far suggested. **That is, to restore the Canadian dollar to parity with the U. S. dollar, and in order to maintain unchanged the relationship of the Canadian dollar and sterling, to raise the value of the pound also 10%. Thus the pound would be automatically fixed in terms of the U. S. dollar at 10% higher than its present level, and an exceedingly difficult problem would thereby be very simply solved.**

Turning to the consideration of the possible future course of the market, a factor of considerable importance is the unusually large volume of issues which mature, or are likely to be redeemed this year. The total is over $140 millions and the principal issues involved are the following:

$57 millions Canadian National Railway 5s of July, 1969, which will probably be called on or before May 1 for redemption.
$18 millions Canadian Pacific Railway 5% equipment trust certificates which will presumably be met out of sinking fund account.
$26 millions Canadian Pacific Railway 5s of 1954, callable June 1; it is rumored that a private refunding operation has already been completed.
$18 millions Ontario 4½s of September 1.
$3 millions British Columbia 3½s of March 31, which have already been refunded.
$4 millions British Columbia 3¼s of December 15.
$5½ millions New Brunswick 3s of June 1 and July 1, which will shortly be refunded by a public issue.

In view of the fact that some of these issues will not be replaced, in addition to the dwindling supply of external bonds of Canada, and the present policy of the Canadian authorities in refraining from raising new money in this country, investors would do well to do their own financing well in advance to avoid a possible repetition of the wild scurry that took place in July last following the surprise redemption of the Dominion 2½s and 2¼s.

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CANADIAN SECURITIES
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The Outlook For 1944

(Continued from page 1090)

cating, chemicals, rubber and meat packing. These are among the most essential for the war effort. On the other hand, production of lumber and cement declined sharply because of the curtailment in building construction, as most of the military and naval construction for war purposes was completed.

The Year 1944

This pattern of industrial production suggests that industrial activity as a whole is close to a peak for the war period. Contemplated armament expenditures confirm this conclusion. Recent estimates released by the War Production Board show that production of munitions in 1944 may rise 28% above the volume of 1943, but that it may be slightly less than the rate of production of munitions in the fourth quarter of 1943. Among individual items of munitions, the biggest rise in 1944 will be in aircraft, trucks and artillery. Output of Navy ships and merchant ships will also show some increase while tanks, small arms and construction will be curtailed sharply. Total war expenditures will only rise moderately from now on, and if Germany should be defeated during this year, they may be lower than the expenditures of last year.

The year 1944 may therefore prove to be the turning-point in the long and sharply rising trend of activity which caused the Federal Reserve Board Index of Production to rise from 109 during 1939, the year of the outbreak of war in Europe, to 247 in November 1943. As long as the war with Germany continues, no important decline in production is likely to take place, but once the war with Germany is over, a period of declining activity is likely to set in. The many difficult problems that have been tackled so successfully by industry since the war in Europe started, will then be followed by an entirely new series of problems. These will deal with the reconversion to civilian production, which is already going on to some extent, and the profitable utilization of the enormous increase in capacity that has been brought about by the war. In many respects these problems are more difficult than the problems of organizing and producing for war.

Effects on Security Prices

The question naturally arises as to the effect upon security prices of this important change in the underlying trend of business activity which might start this year. During normal times any sharp decline in business activity is usually accompanied by declining earnings, dividends and security prices. But these are not normal times, and the decline in business activity from the peak of the war boom should not have the same adverse effect upon security prices as during peace times. Common stocks as a whole did not reflect the rise in business activity that was generated by by the war. Many stocks are now selling at lower levels than four years ago. "War Stocks" are substantially below the average prices that prevailed in 1939 and many of the so-called "Peace Stocks" are also lower in price. The only ones selling at higher prices than in 1939 are the "Bridge the Gap" stocks, including such issues as motors, office appliance stocks, motion picture stocks and oils.

Corporate taxes, primarily the excess profits tax, will in all probability be reduced sharply some time after the war. Such a large proportion of corporate earnings is today paid out in taxes that any drop in earnings before taxes will have a relatively moderate effect on earnings after taxes in the case of most corporations. If excess profits taxes are eliminated or reduced sharply, earnings of many corporations will actually increase despite a drop in their volume of business. The accumulated deferred demand for many products and the large volume of savings available should insure a high rate of activity in a number of industries immediately following the war. These considerations all lead to the conclusion that the beginning of the decline in business activity that might come this year does not need to have a serious effect upon security prices.

The Importance of Selectivity

During the last few years, as a result of the character of the war boom, the greatest success in investment management has come from following a policy of selectivity in the choice of securities. Many individual securities and groups of securities have done relatively badly, while others have done well. The problems that will come with the conversion to peace are likely to call for a policy of even greater selectivity in choices of investments. Despite the over-all decline in business activity, employment and wages, which can be expected, many individual industries and companies may earn more money after the war ends. The selection of the securities of such companies, and the avoidance of securities of companies that might do relatively badly, is the job that lies ahead for successful investment managers.—From "The Broad Street Letter" issued by the Broad Street Sales Corporation, New York City.

Attractive Situation

Scherck, Richter Company, Landreth Building, St. Louis, Mo., have prepared an interesting analysis of Ely & Walker Dry Goods Co. which calls attention to the unusually large inventory adjustments which have been made, favorable current earnings, and large common stock equity. Copies of this analysis may be had upon request from Scherck, Richter Company.

Majestic Radio Opens Consumer Adv. Program

The Majestic Radio and Television Corporation caused the advertising world to raise its eyebrows and count Majestic as one of the really aggressive factors for post-war radio business.

Majestic opened its first consumer advertising campaign in key metropolitan newspapers with the Majestic Radio News, a column feature which is slated to appear twice a month. The feature of this column is a panel containing "The Standings of the Stars," a list of the rankings of the 15 top nighttime shows based on the Hooper Radio Reports. These standings will be published after each fortnightly Hooper Report.

Together with the Standings, Majestic publishes interesting facts about radio, news items, service hints, down-to-earth discussions of post-war radio. Parker H. Ericksen, Director of Sales and Advertising for Majestic, explained, "There isn't a baseball fan in America who doesn't look at the league standing every day during the season. The same is true of football, hockey and basketball fans. People are interested in how their favorites rate. There are more radio fans in the country than all the sports fans combined. Why shouldn't they have their own league standings? People are constantly arguing about which program is the best, or how one comedian has a greater following than another. Now Majestic is going to give them fuel for their fires. Aside from that," Mr. Ericksen continued, "we believe that the folks who are going to buy radios after the war when we can make them, deserve something more than a dramatic story of how we're helping to win the war."

Majestic is confining this advertising to radio pages of leading newspapers. Foote, Cone & Belding who conceived the idea, worked out a system for speed in handling these reports so that they appear quickly after the tabulation of the figures by Hooper. Foote, Cone & Belding was recently appointed by Majestic to handle its advertising. "Newspapers," said Mr. Ericksen, "seemed the most logical choice for these ads. They're news and it seemed to us they belonged on radio pages. Furthermore, radios are sold locally by local dealers and these ads will appear in the papers the dealers themselves recognize."

Both Majestic and Foote, Cone & Belding officials feel that this campaign will have widespread interest and will prove itself a vehicle that offers almost unlimited merchandising possibilities.

Baltimore Exchange Sells Its Building

Howard R. Taylor, President of the Baltimore Stock Exchange, announced on March 11 that the Board of Governors had confirmed the sale of the exchange's office building, 210 East Redwood Street, to Abraham Watner, of the American Building. This is learned from the Baltimore "Sun" of March 12, which added:

The sale, however, will have no effect on the exchange's operations, as a long-term lease of the quarters now used for local stock market activities has been arranged with the purchaser.

After owning the building in which it has operated throughout the 105 years of its existence, it was decided by members of the exchange that it would be advisable for the organization to retire from the real estate business, Mr. Taylor stated.

The present structure was built immediately after the Baltimore fire. Comprising six floors, the building contains numerous offices occupied by tenants.

Realism... now and after the war

BUSINESS REPORT FOR 1943

In accordance with the Annual Statement as of December 31, 1943, filed with the New York State Insurance Department.

OBLIGATIONS TO POLICYHOLDERS, BENEFICIARIES, AND OTHERS

Policy Reserves Required by Law . . . . . This amount, together with future premiums and interest, is required to assure payment of all future policy benefits.	$5,537,595,431.67
Policyholders' Funds . . . . Policy proceeds and dividends left with the company at interest to be paid out in future years.	255,604,009.54
Reserved for Dividends to Policyholders . . . Set aside for payment in 1944 to those policyholders eligible to receive them.	105,674,814.00
Other Policy Obligations . . . . Claims in process of settlement, estimated claims not yet reported, premiums paid in advance, etc.	52,027,949.91
Taxes Due or Accrued . . . . Includes estimated amount of taxes payable in 1944 on the business of 1943.	20,523,324.00
Reserve for Investments . . . . To provide against possible loss or fluctuation in their value.	62,347,000.00
Miscellaneous Liabilities	23,495,304.45
TOTAL OBLIGATIONS	$6,057,267,833.57

ASSETS WHICH ASSURE FULFILLMENT OF OBLIGATIONS

National Government Securities		$2,353,375,600.15
U. S. Government . . .	$2,181,141,867.14	
Canadian Government . .	172,233,733.01	
Other Bonds		2,028,916,055.62
U. S. State and Municipal	48,213,934.88	
Canadian Provincial and Municipal	89,749,717.58	
Railroad	547,354,089.75	
Public Utilities	829,416,829.35	
Industrial and Miscellaneous	514,181,484.06	
Stocks . . . . All but $680,138.00 are Preferred or Guaranteed.		87,370,538.01
First Mortgage Loans on Real Estate		924,476,078.57
Farms	87,981,134.22	
Other Property	836,494,944.35	
Loans on Policies . . . . Made to policyholders on the security of their policies.		408,746,108.58
Real Estate Owned . . . . Includes $59,821,102.96 real estate under contract of sale and $143,580,643.66 Housing Projects and real estate for Company use.		366,977,963.12
Cash		135,436,989.06
Other Assets . . . . Premiums due and deferred, interest and rents due and accrued, etc.		158,504,218.48
TOTAL ASSETS TO MEET OBLIGATIONS		$6,463,803,551.59

Assets exceed Obligations by $406,535,718.02. This Safety fund is divided into

Special Surplus Funds	**$ 14,525,000.00**
Unassigned Funds (Surplus)	**392,010,718.02**

These funds, representing about 7% of the obligations, serve as a cushion against possible unfavorable experience due to war or other conditions.

NOTE: — Assets carried at $304,333,580.62 in the above statement are deposited with various public officials under requirements of law or regulatory authority. Canadian business embraced in this statement is reported on basis of par of exchange.

HIGHLIGHTS OF 1943 OPERATIONS

Life Insurance in Force, End of 1943	$29,180,396,994.00
Paid-for Life Insurance Issued During 1943 . .	2,305,262,410.00
Amount Paid to Policyholders During 1943 . .	554,873,243.55

We hear a great deal these days about postwar planning. Some of it seems sound and practical, and some of it is "crystal gazing."

While literally hundreds of public and private agencies are thinking of postwar planning, there are a few things that realistic individuals are sure of.

They know that first and foremost the war has to be won and nothing should interfere with all-out efforts toward this end.

They know that economic tides ebb and flow; that the future, like the past, will experience good times and bad; that when bad times come, many people will face economic hardships.

They know that they, like everyone else, are growing older; that the life of any individual is uncertain; and that in accordance with the immutable laws of nature, heads of families will continue to pass on.

Knowing these things, some 30 million people insured by Metropolitan are providing definite measures of protection against these uncertainties of life through some 29 billion dollars of life insurance.

In addition to providing an anchor to windward for the individuals involved and for their families, the thrift of these policyholders is bound to be of a stabilizing character during the postwar period.

This is Postwar Realism of the highest order.

Metropolitan Life Insurance Company

(A MUTUAL COMPANY)

Frederick H. Ecker,
CHAIRMAN OF THE BOARD
Leroy A. Lincoln,
PRESIDENT

1 MADISON AVENUE, NEW YORK 10, N. Y.

METROPOLITAN LIFE INSURANCE CO.
1 Madison Avenue, New York 10, N. Y.

Gentlemen:

Please send me a copy of your annual report to policyholders: "Serving in the War—Building for the Peace."

*Name*____________________

*Street and Number*____________________

*City*______________ *State*__________

Allied Chemical & Dye Corporation

To the Stockholders:

Herewith are presented the consolidated balance sheet of the Company at the close of business December 31, 1943, and the consolidated income account for the year.

Net income for the year was $19,023,679.

The results of the year's operations are set forth in the following short form:

The Company received from operations		**$285,323,374**
which was disposed of as follows:		
Goods and services purchased from others	**$162,689,783**	
Replacement of worn-out tools (depreciation and depletion) and contingencies	**19,731,876**	
Wages and salaries paid to labor	**60,182,085**	
Taxes	**26,828,541**	
Wage payment for tools (assets) used by labor to produce operating receipts	**15,891,089**	
Interest and dividend receipts		**3,132,590**
Total Receipts		**$288,455,964**

Receipts from operations by a corporation come solely from its customers. These receipts provide the means for the payment of labor, the purchase of materials, the replacement of worn-out tools, the payment of taxes and the wage payment for the use of the tools (assets) to the owners (stockholders). Thus the customer is the employer of both the labor and the tools.

The consolidated statements for the year include the accounts of three affiliated companies previously carried as investments, all of which are now wholly owned. Additions to the property account during the year for plant construction amounted to $8,175,084 and gross retirements aggregated $6,519,791.

Total business for the year was the largest in the history of the Company. Principal plants were operated at capacity. Selling prices for the Company's products, ceilings for which were established by Government regulations, were substantially unchanged. By reason of higher costs of manufacture occasioned by increased wage rates paid to labor and higher prices paid for goods and services purchased from others, the amount remaining as compensation to the stockholders for the use of the assets decreased 7%. The Company continued the payment of regular dividends of $6.00 per share. Because of the extraordinary uncertainties confronting all industry in connection with the war and its termination, $4,000,000 was provided out of 1943 income as an addition to the general contingency reserve.

Emphasis on research relating both to the war program and the post-war period has been continued. During the year the Company supplied its own products in large volume for war purposes and continued to operate a number of plants constructed by it for the Government's account. Additional operating divisions of the Company have received the Army-Navy "E" for excellence in performance and several have received the award a second time. Under existing legislation Government contracts during 1942 and 1943 may be subject to renegotiation, the effect of which, if any, on the Company's income for those years cannot now be determined.

The accomplishment of American industry in providing the materials necessary for the prosecution of the war has been without parallel. The contribution to this achievement by the chemical industry has been of the utmost importance. The Company will do its full share in the great task which still lies ahead.

Respectfully submitted,

Dated, March 7, 1944.

H. F. ATHERTON, *President.*

CONSOLIDATED GENERAL BALANCE SHEET—DECEMBER 31, 1943

ASSETS

PROPERTY ACCOUNT		
Real Estate, Plants, Equipment, Mines, etc., at cost		**$274,788,608.36**
INVESTMENTS		
Sundry Investments at cost or less		**29,273,337.36**
CURRENT ASSETS		
Cash	$58,880,161.92	
U. S. Government Securities at cost	36,302,794.27	
Marketable Securities at cost	15,276,512.50	
Accounts and Notes Receivable—less Reserves	21,375,600.43	
Inventories at cost or market whichever is lower	27,028,665.53	
		158,863,734.65
DEFERRED CHARGES		
Prepaid Taxes, Insurance, etc.		**2,332,778.26**
OTHER ASSETS		
Patents, Processes, Trade Marks, Goodwill, etc.		**21,305,942.61**
Total		**$486,564,401.24**

LIABILITIES

CURRENT LIABILITIES		
Accounts Payable	$8,719,608.46	
U. S. Government Contract Advances	1,043,951.63	
Wages Accrued	895,132.35	
Taxes Accrued	25,692,019.30	
		$36,350,711.74
RESERVES		
Depreciation, Obsolescence, etc.	$197,883,485.23	
Investments and Securities	40,000,000.00	
General Contingencies	21,319,385.18	
Insurance	2,422,026.55	
Sundry	2,025,404.25	
		263,650,301.21
CAPITAL STOCK AND SURPLUS		
Common Stock, without par value, basis $5. per Share Issued 2,401,288 Shares	$12,006,440.00	
Capital Surplus	101,037,235.00	
Further Surplus	99,357,013.77	
Total Capital Stock and Surplus	$212,400,688.77	
Deduct Treasury Stock	25,837,300.48	
		186,563,388.29
Total		**$486,564,401.24**

U. S. Government Securities include Treasury Savings Notes with principal value of $18,900,000; other U. S. Government securities had a market value at December 31, 1943 of $17,593,796. Marketable Securities consisting of 150,500 shares of common stock of the United States Steel Corporation and 270,000 shares of capital stock of the Air Reduction Company, Inc., listed on the New York Stock Exchange, had a market value at December 31, 1943 of $18,408,000. Treasury Stock consists of 187,189 shares of common stock carried at cost. Post-war U. S. and Canadian tax credits totaling $1,343,434 are included in Sundry Investments.

Further Surplus consists of $77,735,169 earned surplus accrued to the Company since its organization and $21,621,845 accrued to its subsidiary companies prior to the Company's organization.

CONSOLIDATED INCOME ACCOUNT

YEAR ENDED DECEMBER 31, 1943

Gross Income (other than dividends and interest) after provision for depreciation, obsolescence, repairs and renewals, all state, local and capital stock taxes	**$40,325,433.14**	
Provision for General Contingencies	**4,000,000.00**	**$36,325,433.14**
Other Income:		
Dividends	**$2,705,870.08**	
Interest	**426,720.03**	**3,132,590.11**
Gross Income before provision for Federal Income and Excess Profits Taxes		**$39,458,023.25**
Federal Income and Excess Profits Taxes		**20,434,343.69**
Net Income		**$19,023,679.56**

SURPLUS ACCOUNT

Surplus at December 31, 1942	**$194,655,163.21**	
Net Income year 1943	**19,023,679.56**	**$213,678,842.77**
Dividends declared on Common Stock	**$14,407,728.00**	
Less: Dividends on Treasury Stock, not included in Income	**1,123,134.00**	**13,284,594.00**
Surplus at December 31, 1943		**$200,394,248.77**

Amount of Federal Income and Excess Profits Taxes is after credit of $259,705 due to reduction of inter-company indebtedness and after post-war credit of $603,195.

Allied Chemical & Dye Corporation,
New York, N. Y.

We have examined the consolidated general balance sheet of the Allied Chemical & Dye Corporation and its subsidiary companies as of December 31, 1943, and the statements of consolidated income and surplus for the calendar year then ended, have reviewed the system of internal control and the accounting procedures of the company and its subsidiary companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying consolidated general balance sheet and related statements of income and surplus present fairly the position of the Allied Chemical & Dye Corporation and its subsidiary companies at December 31, 1943, and the results of their operations for the calendar year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

March 6, 1944

WEST, FLINT & CO.

Stocks Most Widely Held By Investment Co's

(Continued from page 1102)

vored among the bonds of solvent railroads.

50 STOCKS MOST WIDELY HELD BY INVESTMENT COMPANIES

December 31, 1943*

No. of Funds Holding		No. of Shares Held	% of Outstand'g Stock
54	Standard Oil of N. J.	331,446	1.2%
53	Montgomery Ward	328,325	6.3
52	General Motors	230,984	.5
48	Chrysler	182,825	4.2
46	International Nickel	317,100	2.2
44	Texas Company	277,276	2.5
44	General Electric	223,030	.8
42	North American	1,361,180	15.9
42	Socony-Vacuum	790,280	2.5
41	American Gas & Electric	381,100	8.5
40	Union Carbide	123,550	1.3
38	Continental Oil	201,930	4.3
38	Gulf Oil	226,030	2.4
37	Deere & Co.	264,075	8.8
36	Commercial Investment Trust	131,740	3.7
36	Westinghouse Electric	65,405	2.1
34	Pure Oil	358,930	9.0
34	Sears, Roebuck	147,200	2.5
33	American Radiator	363,400	3.6
33	Ohio Oil	270,820	4.1
33	Kennecott Copper	173,350	1.6
33	Goodyear	149,800	7.3
33	Phillips Petroleum	96,300	2.1
32	Commonwealth & Southern pfd.	133,100	9.0
31	Paramount	357,283	12.2
31	U. S. Steel	121,160	1.4
31	International Harvester	102.225	2.4
30	Standard Oil of California	217,584	1.7
30	Goodrich	130,250	10.0
30	duPont	62,430	.6
28	Standard Oil of Indiana	148,965	1.0
28	Pennsylvania Railroad	137,400	1.0
27	National Dairy Prouducts	202,890	3.2
27	Great Northern pfd.	134,600	5.4
27	U. S. Rubber	125,500	7.1
27	Pacific Gas & Electric	67,403	1.1
26	Commonwealth Edison	136,100	1.1
25	Greyhound	229,300	8.2
25	Atchison, Topeka & Santa Fe	100,200	4.1
25	United Aircraft	61,950	2.3
25	Johns Manville	53,450	6.3
24	Pan American Airways	171,333	8.8
24	National City Bank of New York	165,430	2.7
24	Chesapeake & Ohio	103,550	1.3
24	Western Auto Supply	79,000	10.5
24	Amer. Power & Light $5 & $6 pfd.	65,825	3.7
23	Electric Auto Lite	45,000	3.8
23	Amer. Steel Foundries	84,900	7.1
22	Pullman	150,600	4.6
22	Woolworth	81,600	.8

*Based upon an analysis of the portfolios of 90 funds which are members of the National Association of Investment Companies. Practically all companies of substantial size are included.

20 CORPORATE BONDS MOST WIDELY HELD BY INVESTMENT COMPANIES

*Dec. 31, 1943

No. of Funds Holding	Name of Issuer	Total Par Value Held
24	Missouri Pacific Railroad, 5s (various maturities)	$14,115,000
18	Southern Pacific Co. (mainly 4½s)	3,691,000
17	Chicago, Milwaukee and St. Paul ((various issues)	10,162,000
16	American and Foreign Power, deb. 5s 2030	4,059,000
16	Northern Pacific (various issues due 2047)	4,243,000
15	Associated Electric, 4½s 1953 and 5s 1961	2,536,000
14	New York Central (various issues)	4,097,000
14	New York, Chicago and St. Louis, 4½s 1978, 5½s 1974	2,799,000
12	American Telephone & Telegraph, 3s 1956	2,425,000
11	Cities Service Co., 5s 1950 and 1958	1,221,000
12	International Telephone & Telegraph, 5s 1955	1,643,000
12	Standard Gas and Electric, 6s (various issues)	2,371,000
13	Baltimore & Ohio (various issues)	4,192,000
11	Associated Gas & Electric System (various issues)	12,464,160
11	Southern Railway (various issues)	2,275,000
10	Interstate Power Co., 5s 1952, 1957 and 1965	2,132,000
10	New England Gas and Electric, 5s 1947, 1948 and 1950	1,749,000
10	Erie RR., income 4½s 2015	1,859,625
9	Pere Marquette 4½s 1980 and 5s 1956	2,338,000
9	Alleghany Corp., collateral trust 5s 1949 and 1950	2,269,000

*Based upon an analysis of the portfolios of 90 funds which are members of the National Association of Investment Companies. Practically all companies of substantial size are included.

DISTRIBUTION OF INVESTMENT COMPANY ASSETS BY INDUSTRIES

Combined Holdings of 12 Large Funds

	Market Value	Holding	Market Value	Holding
	Dec. 31, 1943		Dec. 31, 1939	
	Market Value	% of Total Holding	Market Value	% of Total Holding
Total assets	$538,152,000	100%	$508,352,000	100%
Cash and equivalent	42,111,000	7.8	37,804,000	7.4
Bonds				
Railroad	23,712,000	4.4	6,723,000	1.3
Other	12,905,000	2.4	8,984,000	1.8
Preferred Stocks				
Utility	32,621,000	6.1	18,679,000	3.7
Other	12,412,000	2.3	5,811,000	1.1
Common Stocks				
Oil and refining	73,129,000	13.6	52,167,000	10.3
Retail merchandising	36,100,000	6.7	39,978,000	7.9
Public utilities	33,520,000	6.2	41,883,000	8.2
Building, household equipment	20,410,000	3.8	22,261,000	4.4
Bank and finance	20,293,000	3.8	12,586,000	2.5
Metals and mining	19,252,000	3.6	44,426,000	8.7
Chemicals	19,215,000	3.6	37,934,000	7.5
Foods and beverages	18,825,000	3.5	11,409,000	2.2
Motion picture, radio	18,591,000	3.4	5,942,000	1.1
Automobiles, trucks	16,851,000	3.1	22,046,000	4.3
Railroads	14,834,000	2.7	19,060,000	3.7
Farm equipment	14,383,000	2.7	17,111,000	3.4
Rubber, tires	10,546,000	1.9	1,682,000	.3
Steel and iron	8,538,000	1.6	18,478,000	3.6
Electrical equipment	8,037,000	1.5	16,819,000	3.3
All other	81,868,000	15.3	70,106,000	13.3

Newport News Shipbuilding and Dry Dock Company

Statement of Cost of Work Performed During the Thirteen Weeks and the Years Ended December 31, 1943 and December 31, 1942

(The 1943 costs are preliminary and subject to final audit and adjustment)

	Thirteen Weeks Ended		Year Ended	
	December 31, 1943	December 31, 1942	December 31, 1943	December 31, 1942
New Ship Construction	$43,019,000	$51,690,000	$144,660,000	$140,331,000
Ship Repairs and Conversions	1,708,000	1,800,000	3,984,000	18,721,000
Hydraulic Turbines and Accessories and Other Work	2,259,000	2,049,000	6,191,000	4,322,000
Totals	$46,986,000	$55,539,000	$154,835,000	$163,374,000

By Order of The Board of Directors

R. I. FLETCHER
Comptroller

March 10, 1944

Investment Dealers Here's An Opportunity . . .

to increase your business—secure new leads—new accounts

An advertising campaign for use in your daily papers is available—it's been tested, proven successful.

COPY—human, attention arresting, covers general field of investment—filling a long required need of the retail investment dealer.

COST IS LOW—exclusive to one dealer in a state—write today for full details.

WILLIAM S. BAREN
42 BROADWAY, NEW YORK 4, N. Y.

The Securities Salesman's Corner

Attracting Prospective Clients To Call At Your Office

Early last Spring a dealer in a medium sized city in the Middle West was faced with the dual problem of losing several of his salesmen and having to cover his clientele with reduced gasoline rations. As was the case with many dealers he had nearly always contacted his customers at their places of business or at their homes. Rarely did he have a visit from them at his office.

Faced with the necessity of covering his territory under severe handicaps almost beyond his ability, he decided that there was only one way to overcome the difficulty, which was to DEVISE SOME METHOD THAT WOULD BRING CLIENTS IN TO SEE HIM.

His first step was to procure a larger office located in the same building as before. He added some new furniture, put in several comfortable upholstered chairs, bought a box of good cigars and placed them in a handy drawer of his desk, and saw to it that a vase of flowers and an attractive lamp gave a homelike and pleasant effect to the office, for the special benefit of his clients who were on the distaff side.

The next step was not so simple—how to get them to come in. A study of the problem showed: (a) that his territory covered approximately the surrounding communities within a 35-mile radius of his office; (b) there were two categories of potential business open to him—his clients and those with whom he did not have an established contact; (c) there were three methods which he could use to transact business—the telephone, mail and by personal consultation at his office.

To his personal clients he addressed a mail campaign. He pointed out that due to the war-effort he was forced to continue his contact with them on the basis of more letters and correspondence and fewer calls by his representatives. But he stressed the fact that he desired to keep them even more completely informed REGARDING THE STATUS OF THEIR INVESTMENTS THAN EVER BEFORE. He brought out that the war itself, and the uncertainties of business and finance under present-day conditions, made it even more imperative that his clients were kept informed REGARDING THE SECURITIES WHICH THEY OWNED. He invited them to come in to his office whenever they were in the neighborhood. He stressed SERVICE and his desire to be helpful—he low-pressured SELLING new investments and placed emphasis upon HELPING HIS CLIENTS PRESERVE PRINCIPAL AND MAINTAIN INCOME.

Next he went to his local newspaper. He procured advertising rates on a campaign designed to bring in leads and new accounts. He allocated a fund to this purpose and started a consistent effort in this direction. His ads were informative—readable—interesting—in non-technical language—and covered subjects IN WHICH PEOPLE WERE INTERESTED. The value of checking up on the securities already held—increasing income from savings—how a soundly conceived investment program can help in building a "personal post-war plan—building principal through the purchase of selected equities—and an occasional ad on some special situation in which he was interested."

These ads were inserted every week. Always in the same section of the newspaper. A similar layout and typographical style was used for each ad; thereby familiarizing the public with his messages. Every ad suggested that telephone and letter inquiries were invited.

Leads began to come in. Then the proper approach followed in a natural course. This dealer used the telephone. He told the prospect he appreciated their inquiry. If it was a list of holdings which they sent in for analysis, he informed them that he was making a thorough check and they would hear from him. He invited them to come in to the office. He made it clear that they would not be obligated—HE DISARMED COMPLETELY—by his friendliness, his courtesy, his sincere willingness to serve them and his personality. He followed up these leads by letter. He wrote and asked questions about the lists, or specific holdings, he showed an interest. Several weeks followed and he had a workmanlike job completed on the prospect's holdings. He called again—he suggested they come in to the office and go over things together. By this time the prospect was beginning to say to himself—this fellow is all right—I think I'LL go in and see what he has to say.

When the prospect called—he was made to feel at home—he was taken behind the scenes of how and why HE NEEDED THE ASSISTANCE OF THIS DEALER. A selling job was done, NOT TO SELL A SECURITY BUT TO SELL THIS DEALER'S SERVICE, AND WHY THE INVESTOR NEEDED SOMEONE HE COULD RELY UPON TO HELP HIM BUILD AN INVESTMENT PROGRAM.

Today, this dealer's office is busy and customers telephone, write to him and call in person—the gasoline shortage will never bother him again—in fact, he likes it this way!

Schneider A Director Of Phoenix Silk Mills

At the annual stockholders' meeting of the Phoenix Silk Mills of Allentown, Pa., held on Mar. 8, 1944, at Allentown, Pa., Harry Schneider, an attorney of 285 Madison Ave., New York City, was elected a director of the company.

Will Be Reynolds Partner

C. Frank Fackrell will shortly become a partner in Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange and other leading exchanges. Mr. Fackrell will act as alternate on the floor of the New York Stock Exchange for Joseph H. Brown.

Nevil Ford Succeeds Randolph Burgess As Chairman Of War Finance Committee For N.Y.

Secretary of the Treasury Morgenthau announced on March 9 that W. Randolph Burgess has retired as Chairman of the War Finance Committee for New York, and that he has appointed Nevil Ford to succeed Mr. Burgess. Mr. Burgess, said the announcement, will continue to serve the Committee as Chairman of the Executive Committee. His retirement from the Chairmanship is in accordance with the understanding at the time he assumed the office last June. In addition to his responsibilities as Vice-Chairman of the National City Bank, Mr. Burgess is now Vice-President of the American Bankers Association. Secretary Morgenthau's announcement added:

"To accept the Chairmanship, Mr. Ford retires from the position of Executive Manager of the War Finance Committee. He has occupied this or corresponding positions as the Executive Officer of the organization since October 1941, shortly after the Defense Savings Staff was organized for the sale of savings bonds in New York State. He is on leave of absence from the First Boston Corporation, of which he is Vice-President and Director.

"The Third and Fourth War Loans were carried through in New York State under the leadership of Mr. Burgess as Chairman and Mr. Ford as Executive Manager. In these War Loans, New York State made about 20% of the total sales of the entire country, and exceeded its quota by 18% in the Third War Loan, and 11% in the Fourth. In both drives, the emphasis was placed on a wide distribution of sales to individual investors, and as a result, in the Third drive, it is estimated that sales were made to 3,700,000 investors as compared with 2,600,000 in the Second War Loan. In the Fourth War Loan, these figures were again greatly exceeded and sales were made to an estimated 5,300,000 buyers, or better than one buyer for every three inhabitants of the State. The organization has included more than 500,000 volunteer workers."

FINANCIAL CONDITION OF

THE ÆTNA LIFE AFFILIATED COMPANIES

Hartford, Connecticut December 31, 1943 Morgan B. Brainard, President

The annual statements of the Ætna Life Insurance Company and its three affiliates, the Ætna Casualty and Surety Company, the Automobile Insurance Company and the Standard Fire Insurance Company, here presented in condensed form, assure lasting and dependable security to each and every policyholder. Throughout these years, in peace and in war, in depressions and in prosperity, this all-protecting insurance institution has staunchly upheld its reputation for prompt and fair claim settlements in all of the great fields of insurance—Life, Casualty, Fire and Marine.

CONDENSED STATEMENTS
(As filed with the State of New York)

94th Annual Statement of The Ætna Life Insurance Company

ASSETS	LIABILITIES		
		Capital	$15,000,000.00
$940,372,841.97	$890,893,811.67	Surplus	34,479,030.30
		Surplus to policyholders	$49,479,030.30

Securities carried at $15,983,009.86 in above statement are deposited with public authorities as required by law.

37th Annual Statement of The Ætna Casualty and Surety Company

ASSETS	LIABILITIES		
		Capital	$3,000,000.00
$100,061,975.00	$71,963,538.94	Surplus	$25,098,436.06
		Surplus to policyholders	$28,098,436.06

Securities carried at $1,095,705.91 in above statement are deposited with public authorities as required by law

31st Annual Statement of The Automobile Insurance Company

ASSETS	LIABILITIES		
		Capital	$5,000,000.00
$36,453,860.53	$20,742,990.26	Surplus	10,710,870.27
		Surplus to policyholders	$15,710,870.27

Securities carried at $601,586.70 in above statement are deposited with public authorities as required by law

34th Annual Statement of The Standard Fire Insurance Company

ASSETS	LIABILITIES		
		Capital	$1,000,000.00
$7,304,932.89	$4,032,711.39	Surplus	2,272,221.50
		Surplus to policyholders	$3,272,221.50

Securities carried at $249,484.54 in above statement are deposited with public authorities as required by law

Total premium income—all companies—1943	$224,410,228.28
Paid to or for policyholders since organization	2,278,111,551.81
Life insurance in force December 31, 1943	5,867,882,586.00
Increase in life insurance in force during 1943	637,354,932.00

The Ætna Life Affiliated Companies write practically every form of insurance and bonding protection

NASD 5% Profit Rule Threatens Access Of Small Business To Capital Markets

(Continued from page 1091)

the need of small business for long-term credit and particularly for capital on more favorable terms than have hitherto been available. As part of our national financial system, certain organizations now offer long-term capital loans. The cost of such loans to newer and smaller enterprises in many instances is so high that sound management cannot or should not avail itself of such credit. In the past, a new, small enterprise could most soundly expand by reinvesting profits. Because of high tax rates, however, that avenue to growth and strength of small business is being closed off.

The Government made its first attempt to meet the requirements of long-term credit for smaller concerns through the enactment of the Industrial Advances Act of July 19, 1934, which amended the Federal Reserve Act by the addition of section 13b and added section 5d to the Reconstruction Finance Corporation Act. The Defense Plant Corporation, a subsidiary of the RFC, as well as the Smaller War Plants Corporation have made financial advances in one form or other to smaller business to finance plant construction, conversion or expansion, or to purchase equipment, machinery or supplies.

But meeting the long-term accommodation needs of smaller businesses with equipment leases and contractual loans does not solve the problem. Long-term credit is inseparably interwoven with the amount of equity capital employed in the business of the prospective borrowers. The amount of money invested as equity capital, sometimes referred to as the net worth of a business or as risk capital, has a definite relation to other factors of the business enterprise. In each group or segment of industry, these relations vary of course. Ratios of equity capital to working capital, to inventory, to current assets, to fixed assets, to current liabilities, to funded debt, to net sales, are well established for practically every class of business.

Sound management recognizes these relationships and is governed by them because they are the stop or go signals to successful results. Credit ratios are not myths; they are stark realities. Sound management heeds these signals. Unsound management passes them by, claiming that it can violate generally accepted criteria by virtue of ingenuity and resourcefulness or claiming that its particular business is different from every other one. Too often, otherwise promising small enterprises have failed because of reliance on short-term loans rather than on permanently invested capital.

The Government has proposed a number of steps to facilitate the flow of equity capital into smaller business establishments. Among them are the granting of credits or rate differentials to small business concerns and to investors in the equity position of small concerns as part of the national tax program. The U. S. Department of Commerce has evidently two things in view: (a) Tax credits on the amount of profits not withdrawn from a business by the owners of smaller concerns; and (b) credits on taxable incomes of equity capital investors in smaller concerns.

The emphasis on equity capital needs of small business is, if anything, not overemphasized. Let no one forget the experience in World War I. Prior to and during that war a very large amount of industrial expansion had been financed by extensions of bank credit, the obligations appearing on the corporation balance sheets as bank loans. This phenomenon seems to have been attributable partly to a lack of savings funds available for the purchase of industrial issues and partly to the belief that bank loans represented a flexible form of financing which could be readily expanded or contracted in the face of varying business requirements. But business had tremendous difficulties in connection with these bank loans in the 1920-1921 crisis and was very rudely awakened to the necessity of procuring corporate capital through the sale of securities in the investment market rather than from bank loans.

Higher prices will necessitate more capital being tied up in inventories. It is quite doubtful whether an increase in the efficiency of transportation can offset that need. The country may see an increasingly attractive field opened up in certain types of agricultural pursuits in which as a result of technological developments small corporations might find attractive possibilities. There is the likelihood in many lines of production for increasing decentralization. Power can be taken to the source of labor rather than the reverse being true. Subcontracting has given smaller business an interesting experience which might well be put to use fostering more decentralization, particularly in the light industries. Better roads and other transportatoin improvements will intensify these trends. Insistence upon equity financing will also place the national economy in a much more flexible and hence favorable position in successfully weathering any future business recessions.

Federal investments in Ohio industrial facilities are estimated to be $835,000,000. Illinois ranks second, after Ohio, with $665,000,000. Michigan, $645,000,000. Pennsylvania is fourth in rank with $580,000,000; Texas, fifth with $570 000.000. The seven states of the Great Lakes Industrial Region have received a Federal investment totaling $3,650,000,000 in manufacturing facilities; another $3,260,000,000 is distributed throughout the continental United States. Most of the productive facilities financed by the Defense Plant Corporation are of a type that will allow the production of items of general civilian use. It is this phase which makes the ownership and operation of these Federal commitments of such paramount importance.

It is generally agreed that the Government-financed plants represent in many cases low-cost production equipment. Thus these facilities may become of high value to interested parties in that this more efficient capital would aid in maintaining a better profit margin in a period when production costs are high, along with taxes and other operating expenses. Many underwriters feel that there is a large number of smaller business establishments which will need capital to bail out Government investments.

To summarize: The process of capital expansion requires the raising of funds from stock flotations as well as from bond issues. But because of greater risks involved, stock flotations must be looked to for most of the capital required in the development of new enterprises. In the very near future the need for equity financing will be particularly great because of the lack of working capital in mediumsized and smaller corporations, as well as because of postwar requirements for expansion.

Dr. H. G. Moulton, in his scholarly work on "Capital Expansion, Employment, and Economic Stability" (The Brookings Institution, 1941) emphasizes the need for the existence of the smaller securities houses and dealers to meet the capital needs of smaller business establishments. He states (pp. 159-60):

"Medium and small scale business enterprises constitute a very important segment of American economic life, particularly from the point of view of employment. The principal source of financial weaknesses of small-scale business enterprises is a shortage of working capital. It is evident that, typically speaking, they have not been able to build up capital out of undistributed earnings. The primary need, therefore, is for an expansion of equity capital through the sale of stock. *Loans to small-scale business enterprises by banks and Government agencies do not reach to the heart of the problem.*" (Italics mine.)

Ex-servicemen and others will need and want jobs in the post-war period. If our free-enterprise system cannot provide them, some other system will. Any one who has any doubt need only take a look at a very readable book published this week by the former chairman of the WPB's post-war planning committee, Robert Nathan ("Mobilizing for Abundance," McGraw-Hill, $2.00). The smaller concerns particularly cannot provide employment opportunities unless they are able to replenish their capital by being permitted access to the capital market. To do this smaller concerns need the smaller underwriting houses which in turn need the small dealers. Large underwriting houses are not interested in a $250,000 stock issue. Often even issues of $1,000,000 and above do not interest them if of speculative quality. To quote from "Investments" by Professors Dowrie and Fuller (1941): "Since so many thousands of issues, for one reason or another, do not lend themselves readily to listing on an organized exchange, it is obvious that over-the-counter dealers render an *invaluable* service in providing a market."

But now the 5% profit limitation rule of the National Association of Securities Dealers has thrown a monkey wrench into the investment machinery. Regardless of the question of the liberality of SEC profit allowances on new second-grade financing, when the primary distribution of such issues is completed, the securities are bought and sold by over the counter dealers who must comply with the 5% rule. If dealers must divide with their salesmen on the essential secondary market (no prospective investors will commit their funds unless ready marketability is assured) their profit limited to 5% as stipulated in the NASD rule, neither the small dealers nor the salesmen can survive in that type of security business under such conditions. To quote one smaller underwriting house: "The whole situation is so evident that the 5% rule ends all second-grade or speculative originations that common sense should be quickly injected by the SEC to terminate the 5% rule."

In the issue of February 24, I have set forth 10 points illustrating the threat to post-war employment opportunities in the smaller concerns as a result of the 5% rule. It was my intention here to stress the pressing need of smaller business establishments for funds, a need which cannot be filled unless the capital market for smaller issues is kept intact. No matter what interpretations may be placed by the NASD upon the construction of the wording of the 5% rule as a trading practice, as long as the profit limitation rule exists, capital markets are prevented from discharging the functions they must perform if our free-enterprise system is to continue. A competitive business needs no profit limitation. On top, the rule, as I have pointed out in my previous article, is no *profit* limitation; it is a highly discriminatory tax on gross income.

Surely Congress did not pass the Maloney Act to drive men out of business in the exercise of which they have given society good and faithful service. Unfortunately, most U. S. citizens have no conception of the social contribution of the smaller securities underwriters, dealers, and salesmen. In order to make a sale all these are requisites: scores of interviews; free investment advice; collection of coupons; shipments of bonds for payments keeping records of the changing affairs of corporations in which clients hold securities; personal visits to brokers, underwriters and corporation officials; and subscription to statistical services.

The entire issue has such far-reaching consequences for the national economy as a whole that a Congressional investigation is not only advisable but mandatory There are too many questions involved which only a body approaching the problem from an over-all point of view can properly evaluate and judge.

(1) What has been the intent of Congress under the Maloney Act and to what extent has this intent been violated?

(2) Is the Board of Governors of the NASD a representative body of the security business interests?

(3) Are the rule-making powers of the NASD employed in a democratic and constitutional manner?

(4) Is there a deliberate attempt to eliminate the smaller dealers?

(5) Is the security business a competitive business? If so, are legal profit limitations necessary or advisable?

(6) Just what should be the functions of the NASD?

Missouri Brevities

(Continued from page 1099)

plants, combined to reduce earnings of Missouri Portland Cement to $213,272 or 75¢ per share in the year ended Dec. 31, 1943. Balance sheet disclosed cash and Governments after all liabilities equal to $6.79 per share of common; net current assets after all liabilities equal to $9.13 per share; and book value of $29.58 per share. Stock trades in the 13-14 range.

National Candy Active

Despite the slightly lower earnings of $1,332,500 reported for 1943, compared with $1,380,481 in 1942, National Candy common has continued its activity on the St. Louis Stock Exchange, establishing another new high.

Difficulties experienced by its subsidiary, Clinton Company, in securing corn, ceiling prices on finished products unchanged despite higher raw material costs, and increased wages, are among the reasons given for the smaller profit. A chocolate coated 5¢ candy bar named "Bob Cat" was introduced by the company late in 1943, mostly in the St. Louis area, and has met with a favorable reception, according to Vincent E. Price, President. Distribution is to be broadened in 1944.

Comparative Data On Insurance Companies

White & Company, Mississippi Valley Trust Building, St. Louis, Mo., have prepared a tabulation of preliminary 1943 operating results pending the compilation and issuance of their 1944 Fire and Casualty Insurance Stock Manual. Copies of this interesting tabulation giving comparative figures for 62 companies may be had upon request from White & Company.

William Blair & Co. Is Formed In Chicago

CHICAGO, ILL. — One of the oldest Chicago business names is being revised today with the formation of William Blair & Company, a general partnership with memberships on both New York and Chicago stock exchanges. The firm, successor to the underwriting and general investment business of Blair, Bonner & Co., includes William McCormick Blair, Wallace M. Flower, Don G. Niehls, Leo H. Ostrander, and Daniel J. Ritter. Offices are at 135 South LaSalle Street, Chicago, Blair, Bonner & Co. will continue in business as William Blair Corporation, and expects to confine its activities to the supervision of investment accounts. Mr. Blair will be president and Messrs. Robert J. Kiep and P. S. Dickinson will be vice-presidents.

The name of Blair has been well known in Chicago business circles since 1842 when William Blair, grandfather to the present Mr. Blair, opened the first hardware business in that city. He later became a director of the Merchants National Bank, known as "The Blair Bank," of which his brother, Chauncey B. Blair was president. As a result of several mergers, this bank is now part of the present Continental Illinois National Bank and Trust Company.

The present Mr. Blair, who has been president of Blair, Bonner & Co., is also a director of Continental Casualty and Continental Assurance companies and of Interlake Iron Corporation. He is a trustee of the University of Chicago and other institutions.

Mr. Flower, who has been a vice-president of the predecessor company, has for the last two years been on leave of absence in Washington, as director of the Agency Coordination Division of the Smaller War Plants Corporation, and in the office of the Chairman of the War Production Board. He will take up his new duties as a partner in the firm about the middle of this month.

Mr. Ostrander comes to William Blair & Co. from Graham, Parsons & Co., where he was manager of the Chicago office. Mr. Miehls joined Blair, Bonner & Co. in 1938 as manager of its municipal department, while Mr. Ritter has been with that organization since its inception.

Also on leave of absence for the last two years has been Francis A. Bonner, Vice-President and Secretary of the predecessor company. Mr. Bonner, who is director of the credit policy office of the Office of Price Administration, plans to continue at his post in Washington until the end of the war.

Seise Elected Gov. Of Mtg. Bankers Ass'n

CHICAGO—A. H. Seise, President of the Illinois Mortgage Bankers Association, and President of the Northern Illinois Mortgage Co. of Rockford, Ill., has been elected a member of the Board of Governors of the Mortgage Bankers Association of America, H. G. Woodruff, Detroit, President, announced on March 11. Mr. Seise's term will expire in 1946. He fills a vacancy created by the election of L. E. Mahan, St. Louis, to the Vice-Presidency. Mr. Seise was an organizer of the Illinois Association.

To Admit New Partner

H. N. Whitney, Goadby & Co., 49 Wall Street, New York City, members of the New York Stock Exchange, will admit Leon G. McMorris as a partner in the firm on April 1.

ANNUAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 1943, OF

THE TEXAS COMPANY

AND SUBSIDIARY COMPANIES (Excluding European Subsidiaries)

STATEMENT OF CONSOLIDATED INCOME ACCOUNT

GROSS OPERATING INCOME:		
Net sales (see Note 1)	$436,860,092.39	
Miscellaneous	22,856,095.48	$459,716,187.87
OPERATING CHARGES:		
Costs, operating, selling and general expenses (exclusive of depreciation and depletion) (see Note 1)	$328,256,674.18	
*Taxes (other than Federal income taxes)	14,314,122.84	
Amortization of drilling costs on producing wells, expenditures incurred on dry holes and unamortized drilling costs on wells abandoned during the year (The Company has since January 1, 1934, followed the policy of capitalizing drilling costs of producing wells, and amortizing such costs at the rate of 8% per annum except as to costs of wells located in Illinois which are fully amortized as incurred)	15,745,160.09	358,315,957.11
Balance		$101,400,230.76
NON-OPERATING INCOME (NET):		
Interest, dividend, patent and other income, less miscellaneous charges of $928,233.01		6,122,140.24
Balance		$107,522,371.00
INTEREST CHARGES:		
Interest and amortization of discount and expense on funded debt	$ 3,010,377.72	
Other interest charges	958,323.45	3,968,701.17
Balance		$103,553,669.83
DEDUCT:		
Depreciation and other amortization (see Note 3)	$ 30,811,878.52	
Depletion and leases forfeited	4,591,994.44	35,403,872.96
Net profit before provision for Federal income taxes		$ 68,149,796.87
DEDUCT: Provision for Federal income taxes (see Note 5)		17,260,000.00
Net profit for year 1943 (see Note 2)		$ 50,889,796.87
Appropriation for reserve for contingencies arising out of the war		8,000,000.00
Balance carried to earned surplus account		$ 42,889,796.87

*In addition, state and federal gasoline and oil taxes were paid (or accrued) to taxing authorities in the amount of $86,511,998.99.

STATEMENT OF CONSOLIDATED EARNED SURPLUS ACCOUNT

EARNED SURPLUS, DECEMBER 31, 1942	$167,848,344.82
BALANCE TRANSFERRED FROM INCOME ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1943	42,889,796.87
	$210,738,141.69
DEDUCT—Dividends declared during 1943	21,787,919.50
EARNED SURPLUS, DECEMBER 31, 1943	$188,950,222.19

STATEMENT OF CONSOLIDATED CAPITAL SURPLUS ACCOUNT

CAPITAL SURPLUS, DECEMBER 31, 1942		$ 69,869,916.19
ADD:		
Excess of value assigned to properties acquired over par value of capital stock of The Texas Company issued therefor	$ 6,468,007.00	
Net adjustments in connection with the liquidation of a subsidiary company	11,414.18	6,479,421.18
CAPITAL SURPLUS, DECEMBER 31, 1943		$ 76,349,337.37

CONSOLIDATED BALANCE SHEET

ASSETS

CURRENT ASSETS:		
Cash—		
In United States	$ 77,109,588.51	
In foreign countries	4,418,097.26	$ 81,527,685.77
Marketable securities (including U. S. Government short-term securities $12,438,400.00), at cost		13,182,650.00
Notes and accounts receivable—		
Notes receivable	$ 396,998.11	
Accounts receivable	37,222,344.39	
	$ 37,619,342.50	
Less—Reserve for bad debts	650,000.00	
	$ 36,969,342.50	
Accounts and claims receivable from U. S. Government (see page 3 of report to stockholders)	27,109,816.84	64,079,159.34
Inventories—		
Crude and refined oil products and merchandise, at cost determined on the first-in, first-out method (after elimination of intercompany and interdepartmental profits) which in the aggregate was lower than market	$ 83,483,050.44	
Materials and supplies, at cost	10,664,756.63	94,147,807.07
Total current assets		$252,937,302.18
SPECIAL DEPOSITS FOR REPLACEMENT OF PROPERTIES UNDER AGREEMENTS WITH CERTAIN U. S. GOVERNMENT AGENCIES		7,270,090.20
LONG-TERM RECEIVABLES (Less reserve of $250,000.00)		1,410,132.23
INVESTMENTS IN AND ADVANCES TO EUROPEAN SUBSIDIARIES NOT CONSOLIDATED, less reserve of $5,300,000.00 (see Note 6)		7,941,355.27
INVESTMENTS IN AND ADVANCES TO COMPANIES OPERATING IN FOREIGN COUNTRIES, WHICH ARE NOT SUBSIDIARIES—AT COST $95,307,035.53 (of which $64,467,248.20 applies to 50% owned companies), less reserve of $28,000,000.00 (see Note 6)		67,307,035.53
INVESTMENTS IN AND ADVANCES TO COMPANIES OPERATING IN THE UNITED STATES, WHICH ARE NOT SUBSIDIARIES—AT COST (of which $7,289,400.00 applies to 50% owned companies) less reserve of $1,300,000.00		31,597,006.19
PROPERTIES, PLANT AND EQUIPMENT—AT COST (see Note 3):		
Lands, leases, wells and equipment (including drilling costs of producing wells completed since January 1, 1934)	$354,002,977.75	
Oil pipe lines and tank farms	69,516,286.75	
Refineries and terminals	212,414,697.91	
Ships and marine equipment	64,543,143.14	
Sales stations, facilities and equipment	104,301,834.00	
Miscellaneous	2,725,853.02	
Total	$807,504,792.57	
Less — Reserves for depreciation, amortization and depletion	392,151,706.60	415,353,085.97
PATENTS—AT COST (Less reserve for amortization of $1,734,190.84)		951,918.49
DEFERRED CHARGES:		
Prepaid insurance and taxes	$ 1,462,401.78	
Drilling costs on incomplete wells	1,413,556.63	
Other prepaid expenses and deferred charges	3,087,683.28	5,963,641.69
		$790,731,567.75

LIABILITIES

CURRENT LIABILITIES:		
Construction advances payable to U. S. Government (see page 4 of report to stockholders)		$ 6,850,156.00
Other notes and contracts payable (including $861,983.90 due in 1944 on long-term debt)		3,408,811.44
Accounts payable		29,306,538.78
Accrued liabilities		27,361,894.78
Provision for Federal income taxes (certain returns subsequent to 1933 are subject to final settlement with the U. S. Treasury Department)	$ 20,488,880.73	
Less — U. S. Treasury obligations held for payment of taxes	16,580,000.00	3,908,880.73
Dividend payable January 3, 1944		5,446,168.50
Total current liabilities		$ 76,282,450.23
LONG-TERM DEBT:		
3% Debentures, due April 1, 1959	$ 40,000,000.00	
3% Debentures, due May 15, 1965	60,000,000.00	
3½% Mortgage notes payable to U. S. Maritime Commission in annual installments of $746,108.00, in connection with purchase of tankers	10,445,512.00	
Construction advances payable to U. S. Government	12,911,531.00	
Other long-term debt	641,288.16	123,998,331.16
DEFERRED INCOME AND SUSPENSE CREDITS		2,101,931.08
RESERVES (As authorized by the Board of Directors):		
For benefits under employees' plans—excluding $1,600,000.00 included in current liabilities above	$ 14,325,327.64	
For foreign exchange fluctuations (see Note 6)	2,066,993.08	
For contingencies arising out of the war (see page 14 of report to stockholders)	20,000,000.00	
For other contingencies	7,000,000.00	43,392,320.72
CAPITAL STOCK AND SURPLUS:		
Capital stock, par value $25.00—Authorized 14,000,000 shares		
Issued 12,000,204 shares	$300,005,100.00	
Less — Held in treasury, 813,925 shares, at par value	20,348,125.00	
Outstanding 11,186,279 shares	$279,656,975.00	
Capital surplus	76,349,337.37	
Earned surplus (see Note 4)	188,950,222.19	544,956,534.56
		$790,731,567.75

CONTINGENT LIABILITIES — Reference is made to Notes 2 and 6 with respect to certain contingent liabilities. The Company's General Counsel reports that while it is impossible to ascertain the ultimate liability with respect to other contingent liabilities, including pending lawsuits, federal taxes, claims, guarantees, etc., in his opinion, the aggregate amount of ultimate liability in respect of such other contingent liabilities is not materially important in relation to the total consolidated assets of The Texas Company and subsidiaries.

The foregoing balance sheet and statements are taken from the annual report, dated March 15, 1944, to stockholders of The Texas Company, and should be read in conjunction with such report which contains the Notes to Consolidated Financial Statements and the certificate of Messrs. Arthur Andersen & Co., Auditors, attached to such financial statements. A copy of the report to stockholders may be had upon application to the Company. The said balance sheet, statements, and report are not intended to constitute an offer, solicitation of offer, representation, notice, advertisement, or any form of a prospectus in respect of any security of The Texas Company.

Some Factors In The Proposed Post-War International Pattern

(Continued from first page)

Bar man the watchtowers of the nation that give view far and near. Your eyes must be the first to see and you the first to make ready to meet the oncoming of tyranny. Upon the Bench and the Bar of the country rests the great responsibility of seeing that our liberties and free institutions are preserved. Legislators may be incompetent, executives may be dishonest, but if the Bench and Bar be honest and filled with integrity, then under the Constitution, the people are secure, and free institutions will still live with us. But security and liberty both take flight where the judiciary is corrupt.

The Constitution

We may say a beginning word about the Constitution and the duty thereto of you who are here. From those who should have revered that great document, we have had flippancy and derision. To many of the common people there has come a disrespect for and a desire to rid themselves of what they have been encouraged to think are the shackles of the Constitution. They are saying we should have a modern, an up-to-date Constitution, one suited to our times and conditions.

Knowing something of the sound doctrines regarding the Constitution which my friend, Preston Richards, has been teaching in these purlieus, there is no need to belabor here in this presence an argument that the Constitution is, in the matter of fostering and protecting human rights, the inspired crystallization of the wisdom of man and the embodiment of all his experience from the beginning. Being thus engendered of the ages, how idle seriously to think that a mere century and a half could render it obsolete. The matter is brought before you here only to urge upon you the duty which is yours and not to be pushed aside, of losing no chance to teach the people, in season and out of season, the priceless value of the government and free institutions set up under the Constitution. When human freedom is outgrown, the Constitution will be obsolete—but not before.

May I add one thought more: They of the Bench and Bar who for power or place or gain, shall traffic in or prostitute the principles of freedom that are basic to our republican form of government, will violate their solemn oaths, will betray their clients, and will be traitors to a lofty, even holy trust. They should be purged from our midst. Already too many of us have shown an easy willingness to let pass unchallenged encroachment after encroachment upon our liberties. The Bench and Bar of the nation must cease to temporize with tyranny. After quoting the words of the Master to the hypocritical Pharisees, that a "city or house divided against itself shall not stand," Lincoln added: "I believe this government cannot endure half slave and half free." He spoke of land-spread and government. Living today he might have phrased his principle: There can be no freedom that is half bondage; there can be no law that is half royal favor or half lawless force. There can be no partnership between liberty and slavery.

Strength at Home and Abroad

We have spoken thus because underlying our international relations of the future are our conditions at home. We cannot be weak within our borders, and strong outside them, either as a matter of force or as a matter of moral strength. We have built ourselves to our present rank in both force and morals, because of the form and past policies of our government, because we were a free people, unhampered in thought, in speech, and in action, because we were able to gather and enjoy the fruits of our own labors, unafraid, unspied on, unvictimized by government. If we shall change this now, we shall lose our place; we shall be generations building back to where we were a decade ago. Yet we have already traveled far along a new and evil way.

It has seemed that tonight we might with profit analyze some of the policies now operating in our foreign relations, to see if we could determine where they might lead us and what might be our lot thereunder.

The Four Freedoms

We shall pass over, for this purpose, our diplomacy for the last decade, a diplomacy which it seems has been the most provocative in all our history, with the possible exception of our discussions with Great Britain in the 40's and 50's of the last century over trans-isthmian communications. But we will make this one comment: It is now clear that our diplomacy during this last decade could lead only to war. Some of us said this at the beginning of the decade as well as now.

Of the things we shall consider tonight we may take first, because it involves principles basic to the Administration's whole foreign policy as now announced, the President's unilateral declaration of the essentials of security as embodied in the Four Freedoms—freedom of speech, freedom of religion, freedom from fear, and freedom from want. We shall pass over the additions made by other public and pseudo-public officials.

The first two of the President's freedoms are known to political science and help to speel individual liberty.

Perhaps we may assume that freedom of speech includes freedom of the press. These two run hand in hand. You know that these freedoms are relative terms and that with us there are the limitations of libel and slander. But whose freedoms are to be given in the world setup—ours, Britains, Russia's, or some new concept?

Who will determine this standard of freedoms?

The Atlantic Charter

We may at this point profit by reading the Atlantic Charter, signed and issued as you know by President Roosevelt and Prime Minister Churchill. Its principles are embodied in eight points. Some declared the purposes of the signers; others declared principles for world-wide application among all nations, including ourselves. These points are:

> "First, their countries seek no aggrandizement, territorial or other;
>
> "Second, they desire to see no territorial changes that do not accord with the freely expressed wishes of the people concerned."

If the Charter had been signed by Russia, these two announcements would give hope at least to heroic Finland, to Estonia, Latvia, Lithuania, Poland, and it might be, Rumania.

> "Third, they respect the right of all peoples to choose the form of government under which they will live, and they wish to see sovereign rights and self government restored to those who have been forcibly deprived of them."

This is carefully worded, but the underneath principle might raise some question about India and Porto Rico, Egypt and the Boer South Africa, the Dutch East Indies, the Philippines, and other countries on the earth's surface not in the possession of the enemy states.

> "Fourth, they will endeavor, with due respect for their existing obligations, to further the enjoyment by all States, great or small, victor or vanquished, of access, on equal terms, to the trade and to the raw materials of the world which are needed for their economic prosperity."

This seems to forecast a **free trade** world. It would open up our trade and raw materials on "equal terms" to everyone. If Russia had signed, it would have been supposed to open up her trade and raw materials in like manner. Britain's prime needs, after food, are trade—markets—and raw materials.

> "Fifth, they desire to bring about the fullest collaboration between all nations in the economic field with the object of securing, for all, improved labor standards, economic advancement and social security."

This seems a pious and praiseworthy hope, provided that these things are not to be gained by other nations at the expense of our own, that is, provided it does not mean a leveling downward to a common standard, a procedure which is now openly urged by some who call themselves Americans.

> "Sixth, after the final destruction of the Nazi tyranny, they hope to see established a peace which will afford to all nations the means of dwelling in safety within their own boundaries, and which will afford assurance that all the men in all the lands may live out their lives in freedom from fear and want."

Here are two of the Four Freedoms; but there is no mention of freedom of speech or of religion. The latter are vital to free peoples; they cannot be granted to a people and still keep them in subjection. But one can think of several countries where these two freedoms of speech and of religion would threaten the existing order. A despot might give freedom from want, and might at least for a time anesthetize them into freedom from fear. Freedom from want for India, China, and Asia, generally, will tax the resources of the world, to say nothing of the task of caring for Europe. Russia appears to be committed to this plan.

> "Seventh, such a peace should enable all men to traverse the high seas and oceans without hindrance."

This is not a promise of freedom of the seas, but the statement of a conclusion which might or might not be realized, and might not mean at all what is meant by freedom of the seas.

> "Eighth, they believe that all of the nations of the world, for realistic as well as spiritual reasons must come to the abandonment of the use of force. Since no future peace can be maintained if land, sea or air armaments continue to be employed by nations which threaten, or may threaten, aggression outside of their frontiers, they believe, pending the establishment of a wider and permanent system of general security, that the disarmament of such nations is essential. They will likewise aid and encourage all other practicable measures which will lighten for peace-loving peoples the crushing burden of armaments."

These are the lofty aspirations and the tried, and failed, machinery of the Treaty of Versailles.

The Charter was not incorporated in or referred to in the Four-Nation Declaration at Moscow, nor were the Four Freedoms, nor was the Charter referred to in the Declaration of Teheran, nor in the Allied-Turkish Statement at Cairo, nor the Cairo Communique by the United States, Great Britain, and China. It was mentioned in the Declaration on Iran.

Russia has apparently joined in no agreement or declaration on policy that embraced the Four Freedoms, except that freedom of speech, of the press, and of public worship were mentioned in the Moscow Declaration Regarding Italy.

With the President's interest in the Charter and the Freedoms in mind, the omissions noted could hardly have been a matter of chance, and if the omissions were by design, they could suggest a deep-seated cleavage on the whole program. If Russia is not willing to move forward on those principles of self-restraint that are embodied in the Charter, we may expect trouble ahead.

We must not overlook that the principles of self-restraint and of altruistic aspiration embodied in the Charter are as applicable to and against us as to and against any other nation. They are not something we are graciously to bestow or impose upon others, we remaining free to follow our own bent. What we do to others, we must permit others to do to us.

I need only to suggest here that to make effective these freedoms of speech, of the press (if it be included) and of religion, there must be complete cooperation thereto among the executive, the judicial, and the legislative branches of a government. The freedoms fail if any one branch is unwilling. Thus there must be control over the whole government to make them effective, and if there be any unwillingness, as there will be somewhere, say, in Timbuktu or somewhere else, this control must be from some outside source to bring these freedoms to the people; and of course, in the last analysis such outside control must be by force. Lincoln said: "No man is good enough to govern another man without that other's consent."

We are reported to be training men to head up the occupying forces of some foreign country; it may be they are to see that the freedoms are given to the people thereof. Who is going to occupy us to see that we keep the standards? And when we shall finish shortly our consideration of the freedom from **want** and **fear** you will appreciate that there could be excuse for some outside power to come in and make us meet our professions and promises on those accounts too.

Freedom From Want and Fear

Freedom from **want** and **fear** are not terms of art either in domestic political science, or in international relations. We must get their meaning elsewhere.

As defined by the President when he announced them, freedom from **want** meant "economic understandings which will secure to every nation a healthy peace-time life for its inhabitants." This is not too definite or clear. But explanations since made by him as well as the actions of the 44 United Nations Food Conference and of the since organized United Nations Relief and Rehabilitation Administration, have made clear that it is in the international mind to do what the President states has never been done before in all history, that is "feed all the peoples of the world as we now know human beings should be fed." That is a great concept, but a rather large order, having in mind India's nearly 400,000,000, China's 450,000,000, to say nothing of the suffering millions in the rest of Asia, in Europe, in Africa, in the Latin Americas, in the continents and islands of the seas; and then our own 130 odd millions.

As first defined by the President, freedom from **fear** meant "a world-wide reduction of armaments to such a point and in such a thorough fashion that no nation will be in a position to commit an act of physical aggression against any neighbor." This is a great concept also, but by no means a new one, either in theory or practice. Some of you will recall that the Central Powers in World War I were disarmed by the Armistice and the Treaty of Versailles, and that for the rest of the world of strong powers, President Harding called a Limitation of Arms Conference in Washington which entered into formal treaties providing for reduction of the naval armament of the great powers. The result of that plan we all now know.

But the Atlantic Charter, signed by President Roosevelt and Prime Minister Churchill, gave another and I think the true and originally intended meaning to the phrase freedom from **fear** and **want.** This Charter, as you will recall, provides in its paragraph Sixth, and I repeat the essential parts here, that the "national policies of their respective countries" would be that, after the "final destruction" of Nazi tyranny, a peace shall be established "which will afford to all nations the means of dwelling in safety within their own boundaries, and which will afford assurance that **all** the men in **all** the lands may live out their lives in freedom from fear and want." The Atlantic Charter was incorporated by reference into our understanding with Greece and Yugoslavia, and was noted in the Declaration on Iran, while freedom of speech, of the press, of political belief, and of religion were mentioned in the Moscow Declaration Regarding Italy.

Obviously, the Charter's declaration that a peace shall be established that will assure that **"all** the men in **all** the lands may live out their lives in freedom from fear and want," supplemented by the President's measure of feeding "all the peoples of the world as we now know human beings should be fed" and as they never have been fed before, to which may be added the statements of the Food Conference that each government accepts the responsibility of making it possible, so far as within their power, of providing each person with "adequate social-security measures, such as family allowances, social insurance, and minimum wages," all these aspirations and purposes take the principle out from a normal international operation between States themselves, and make it into a domestic operation for every country,—Germany, Japan, Italy, Holland, Great Britain, China, the United States, and all down the list. Furthermore, the thought behind it all seems to be that it is every nation's business to see that the stated standards are reached and maintained among all the other nations.

Now the Charter also affirmed, as we have seen, that the declaring powers "respect the right of all peoples to choose the form of government under which they will live," and the Teheran declaration affirmed (Russia was here) that the negotiators "look with confidence to the day when all peoples of the world may live free lives, untouched by tyranny, and according to their varying desires and their own consciences." But a free government is a government by uncontrolled majorities. I think the world has never seen any other kind of **free** government. Suppose a majority government in any State—Germany, Holland, Poland, Russia, Great Britain, or the United States—sets up a government which fails to operate so that **"all** the men" in that country are able to "live out their lives in freedom from fear and want" as finally defined. What then? As the President declared, no nation ever yet had such a government. Are any of us to be brought under compulsion to maintain the standards? If not, the standards will not be maintained. If so, then you have a military occupation and war.

A plan for providing this free-

(Continued on page 1112)

UNION CARBIDE AND CARBON CORPORATION AND SUBSIDIARIES

OPERATING IN THE UNITED STATES AND CANADA

CONSOLIDATED BALANCE SHEET

December 31, 1943

ASSETS

CURRENT ASSETS		
Cash		$ 75,092,180.20
United States Treasury Tax Notes		40,000,000.00
Marketable Securities (Cost or Market, whichever lower)		3,695,562.93
Receivables (After Reserve for Doubtful)		
Trade Notes and Accounts	$ 48,035,005.94	
Other Notes and Accounts	6,926,229.86	54,961,235.80
Inventories (Cost or Market, whichever lower)		74,378,066.91
TOTAL CURRENT ASSETS		$248,127,045.84
FIXED ASSETS (Cost or less)		
Land, Buildings, Machinery, and Equipment	$349,475,451.23	
Deduct—Reserves for Depreciation and Amortization	174,370,864.52	175,104,586.71
INVESTMENTS (Cost or less)		
Affiliated Companies in United States and Canada	$ 757,919.61	
Affiliated Companies outside United States and Canada	3,050,932.87	
Foreign Subsidiaries	20,971,577.56	
Other Securities	666,557.59	25,446,987.63
DEFERRED CHARGES		
Prepaid Insurance, Taxes, etc.		2,533,563.30
POSTWAR REFUND OF EXCESS PROFITS TAX *(See Note 6)*		8,244,921.72
PATENTS, TRADE-MARKS, AND GOODWILL		1.00
TOTAL ASSETS		$459,457,106.20

LIABILITIES

CURRENT LIABILITIES		
Accounts Payable		$ 18,548,135.48
Dividend Payable January 1, 1944		6,958,341.00
Installments due within one year on Sinking Fund Debentures		1,800,000.00
Accrued Liabilities		
Income, Excess Profits, and Other Taxes	$ 83,989,779.65	
Interest	205,000.00	
Other Accrued Liabilities	4,001,350.09	88,196,129.74
TOTAL CURRENT LIABILITIES		$115,502,606.22
PROVISION FOR WARTIME ADJUSTMENTS *(See Note 2)*		2,500,000.00
DEFERRED LIABILITIES UNDER GOVERNMENT CONTRACTS		1,589,304.99
FIFTEEN-YEAR, 2½% SINKING FUND DEBENTURES OF UNION CARBIDE AND CARBON CORPORATION DUE SEPTEMBER 1, 1953, AFTER DEDUCTING SINKING FUND INSTALLMENTS DUE WITHIN ONE YEAR (as above)		22,800,000.00
TOTAL LIABILITIES		$142,391,911.21
RESERVE FOR POSTWAR CONTINGENCIES *(See Note 6)*		20,000,000.00
CAPITAL STOCK OF UNION CARBIDE AND CARBON CORPORATION—9,277,788 shares of no par value not including 136,649 shares held by the Corporation	$192,879,842.43	
EARNED SURPLUS	104,185,352.56	297,065,194.99
		$459,457,106.20

CONSOLIDATED INCOME AND SURPLUS STATEMENTS

Year Ended December 31, 1943

INCOME

INCOME		$156,378,292.39
Deduct—		
Depreciation and Depletion	$ 17,792,791.85	
Amortization	19,593,385.30	
Interest	767,447.02	
Income and Excess Profits Taxes *(See Note 6)*	79,882,279.12	118,035,903.29
NET INCOME		$ 38,342,389.10
(Net Income does not include Postwar Refund of Excess Profits Tax in the amount of $4,990,235.24)		
AMOUNT TRANSFERRED TO RESERVE FOR POSTWAR CONTINGENCIES *(See Note 6)*		5,535,766.15
AMOUNT TRANSFERRED TO SURPLUS		$ 32,806,622.95

SURPLUS

EARNED SURPLUS AT JANUARY 1, 1943		$101,546,964.35
Add—		
Amount Transferred from Net Income	$ 32,806,622.95	
Increase in Market Value of Marketable Securities at December 31, 1943	301,426.37	
Reduction of Valuation Reserve—Securities sold during the year	32,870.38	33,140,919.70
		$134,687,884.05
Deduct—		
Dividends Declared	$ 27,833,364.00	
Payments on Employees' Past-Service Annuities under Retirement Plan	2,669,167.49	30,502,531.49
EARNED SURPLUS AT DECEMBER 31, 1943		$104,185,352.56

NOTES RELATING TO FINANCIAL STATEMENTS

1—The principles used in preparing the accompanying consolidated statements for the year 1943 are as follows:

All subsidiaries that are one hundred per cent owned, and operate in the United States and Canada, are consolidated.

Current assets, deferred charges, current liabilities, and earnings of Canadian subsidiaries consolidated have been converted at the official rate of exchange. Other assets and liabilities of Canadian subsidiaries consolidated were converted at the prevailing rate at time of acquisition or assumption.

Foreign subsidiaries, all one hundred per cent owned, are shown as investments. Only that part of the income of foreign subsidiaries that was received during the year as dividends is included in income. Unaudited reports covering less than a full year indicate that the income of companies paying such dividends will exceed the amount of dividends paid.

Affiliated companies, less than one hundred per cent but more than fifty per cent owned, are also shown under investments. The equity in the net worth of some of these affiliated companies carried in investments at $3,155,231.17 increased $1,383,237.52 between January 1, 1938 (or date of acquisition whichever is later), and the date of latest unaudited reports received. Of this increase, $282,757.30 is applicable to the current period. No reports are available for 1943 for the remaining affiliated companies carried in investments at $653,621.31. The consolidated income does not include any part of the undistributed net income of affiliated companies.

2—Income for the year 1943 has been charged with $2,500,000.00 to provide for unusual adjustments which may arise in connection with wartime operations. This amount is shown on the balance sheet as Provision for Wartime Adjustments.

3—The Trustee of the Savings Plan for Employees holds Collateral Debentures of Carbide and Carbon Management Corporation secured by 88,475 shares of stock of Union Carbide and Carbon Corporation under plans for employees. As of December 31, 1943, the assets held by the Trustee amounted to $5,162,984.63, and the unpaid balance of amount borrowed by the Trustee in connection with the purchase of debentures was $3,600,000.00. Union Carbide and Carbon Corporation has agreed to maintain the assets in the Trust Estate at an amount sufficient to repay the indebtedness and permit the distribution of the Trust Estate to the persons entitled thereto.

4—Payments relating to years prior to July 1, 1937, were made to insurance companies in the maximum amounts acceptable to such companies to apply toward the purchase of Past-Service Annuities under the Retirement Plan for Employees. These payments were charged to surplus. Payments for the purchase of Future-Service Annuities were charged against income.

5—A review of the operations for 1942 under the War Profits Control Act has been made during the past year. Pending final settlement under the Act, a reduction has been made of $8,250,000.00 in the value of sales and of income before taxes for that year. After allowance of $7,174,592.90 paid in taxes, the estimated cash refund to the Government in the amount of $1,075,407.10 has been deducted in determining Income for the year 1943. This amount has been included in Other Accrued Liabilities. Also, a reduction in the Postwar Refund of Excess Profits Tax for the year 1942, amounting to $526,001.39, has been charged against the Reserve for Postwar Contingencies. It is impracticable to determine the effect of this Act on the operations for the year 1943. Therefore, no specific provision pertaining to 1943 operations has been made out of 1943 income other than the general provision for wartime adjustments against which possible refund under this Act and other adjustments arising out of war conditions will be charged.

6—Income and Excess Profits Taxes are charged against income after reducing such taxes by the amount of $1,429,100.00, which represents the Debt Retirement Credit permitted under the Revenue Act of 1942. No deduction has been made from such taxes for the Postwar Refund of Excess Profits Tax in the amount of $4,990,235.24, and consequently this amount is not included in net income. The Postwar Refund and $5,535,766.15 transferred from net income have been added to the Reserve for Postwar Contingencies.

AUDITORS' REPORT

UNION CARBIDE AND CARBON CORPORATION:

We have examined the balance sheet of Union Carbide and Carbon Corporation and its one hundred per cent owned subsidiaries operating in the United States and Canada, as of December 31, 1943, and the statements of income and surplus for the year then ended, have reviewed the system of internal control and accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence by methods and to the extent we deemed appropriate. Except that it was not practicable to confirm receivables from United States Government agencies, as to which we have satisfied ourselves by means of other auditing procedures, our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

Subject to the omission from income of postwar refund of excess profits tax, which, we believe, constitutes a proper addition thereto, in our opinion, the accompanying balance sheet and related statements of income and surplus present fairly the position of Union Carbide and Carbon Corporation and its subsidiaries consolidated at December 31, 1943, and the results of consolidated operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

HURDMAN AND CRANSTOUN
Certified Public Accountants

New York, N. Y., March 11, 1944

Some Factors In The Proposed Post-War International Pattern

(Continued from page 1110)

dom from want has been already outlined in some fullness.

Freedom From Want

You will recall that in May-June of last year a 44 United Nations Conference on Food and Agriculture was held at Hot Springs, Va., at a nominal cost for the foreign delegates, with you and me apparently footing most of the bill.

The work of this conference has not by any means received the attention it so richly deserves. I urge you gentlemen to study it, for a plan was there outlined for the regimentation of the world in the production and distribution of foodstuffs, with aside observations on finance and industry. We will sketch a few only of the major conclusions of the conference as embodied in its Final Act.

These conclusions may be gathered into two groups: the scientific and the political. The first, while wordy, repetitious, and pretentious sometimes to the point of being almost smile-provoking, contains many admirable and desirable things. Perhaps it is not really a fault they are unreachably altruistic. The Final Act incorporates and reincorporates advanced theories on foods and food values. It plans to meet the dietary problems and necessities of the entire world, as seen by the experts met at the conference. (It had nothing to say about the curse of alcohol, nor of the poison of nicotine, nor of caffeine, nor opium and all its derivatives, nor of any deleterious drugs.) The documents annexed to the Final Act pointed out the dietary needs and diseases of our own South, of India's 400 millions, of China's 450 millions, of the peoples of tropical Africa, of Egypt, of Mexico, Chile, Bolivia, and elsewhere. Great Britain stood out as the only country mentioned and receiving only commendation. Russia escaped all mention. But the purpose of it all is good, just as ethical and philosophical standards are good.

However, I wish to say a few words about the political phases of the plan.

The underlying principle is that the establishing of "freedom from want for all people in all lands" is the "mutual responsibility" of all the nations, as likewise "coordinated action to establish such conditions of international security as well make possible an expanding and balanced world economy."

In summary, the plan provides for a control and regimentation of the production and distribution of foodstuffs throughout the world and among the nations of the world. The organization is not a magnified Red Cross to administer help to stricken areas throughout the earth, but a sort of superstate to supervise and direct the food resources of all peoples.

The aim is that in every country "each person" who is "without an adequate diet" shall have his diet improved "in the direction of obtaining the physiological requirements of health," with "adequate social security measures, such as family allowances, social insurance, and minimum wages." Furthermore (and the phrases may be ominous), there is to be "some form of direct action to make protective foods available free, or at low prices, to groups with inadequate diets." That is, if you need food, find it, and take it.

The plan contemplates the allocation of the production of particular foodstuffs to particular areas. For example, the increasing of herds in certain parts of Europe, and the holding back of the rebuilding of depleted livestock herds in other countries (this probably refers to us), and also a holding back of the production of any crops "which compete for acreage with essential foods."

A system of price control measures are to be set up to prevent "fluctuations in the prices of food, the instruments of production" (described in another place as "fertilizers and machinery"), and also "other necessities, including industrial goods."

The plan is to aim at a "worldwide policy of industrial and agricultural expansion," which will require "reorientation in agriculture."

Plans are to be devised "to ensure an adequate supply of credit to agriculture," at low rates of interest; aid is particularly for the small farmer.

Wages and hours are to come under consideration as to farm labor and industrial workers.

Land tenures likewise are to be studied "to promote the productivity and efficiency of agriculture and the welfare of its workers." Could this mean that the State is to take over the ownership of the land?

Agricultural populations are to be moved from overcrowded agricultural areas, both intra-national and international, and in such cases the organization is to support arrangements "to provide adequate safeguards for the settlers."

International commodity arrangements are to be made, involving "changes in the scale and character of production" of farm products in the one country or the other; "adequate reserves will be maintained."

There is to be brought about "an equilibrium in balances of payments" and an "orderly management of currencies and exchange."

International grade standards are to be established, containers are to be standardized; transportation charges are to be controlled; middlemen are to be eliminated, and marketing, processing, storage and distribution costs, and margins between producers and consumers are to be reduced.

To reach "an economy of abundance" it is declared to be "an integral part of this program to reduce barriers of every kind to international trade and to eliminate all forms of discriminatory restrictions thereon, including inequitable policies in international transportation, as effectively and as rapidly as possible."

One provision more—I quote it in full:

> "The democratic control and educational programs, which are features of the cooperative movement, can play a vital part in the training of good democratic citizens, and assist in inducing a sound conception of economic matters."

Now, gentlemen, please understand: All this is on a worldwide basis; each and every nation is involved; it is a two-way street; it is not alone what we are going to do for and to the others; it is what they are going to do for and to us. For we are only one out of a present 44 members of the organization (now raised by Russia to 59), and we are the one with the greatest present power of production, of diversification, of transportation, of available natural resources, and of financial power. We are the Santa Claus. But remember also, we have considerable numbers amongst our 130 millions who do not enjoy the affluence measured out by this document for the Australian bushmen, or the headhunters of Borneo.

And speaking of finances, our present ante to sit in on this gigantic game of strip resources and well-being and just for immediate war relief in stricken trans-atlantic areas—not counting the Grand Design of relief from want in all the world—is "1% of the national income of the country for the year ending June 30, 1943," or as fixed by a resolution of Congress, one billion three hundred and fifty million dollars annually. But as time goes on and we begin our relief to all the world, we shall have to put far greater sums in the pot, by loans or otherwise, to our less opulent and wiser members, to keep the game going.

The Final Act of the Food Conference provided for the establishment of an Interim Commission and a Permanent Organization. Neither seems to have been established to date. Instead, there has been established the United Nations Relief and Rehabilitation Administration under an agreement signed in Washington, Nov. 9, 1943, by the representatives of 44 nations. While designated as an **agreement**, it is in form a treaty under the tests heretofore applied in our constitutional law. However it is to be treated, it is understood, as an Executive Agreement and so not requiring the treaty action of the Senate, though imposing obligations upon us and upon all the other signatory States, including the payment of moneys from public funds. Fourteen of the nations realizing its character signed with reservations, making it subject to ratification in accordance with their constitutional procedures. For us, the agreement was signed by the President himself, and without reservation or reference to constitutional procedure.

Protection of Minorities

Having all the circumstances and conditions in mind, and taking into consideration certain minority influences that have been operative in the framing of all this, it is difficult indeed to escape the conclusion that these principles were invented and are fostered for the prime purpose of protecting the minority groups of Europe who have fled their native countries but wish to return thereto after the war—a purpose to make Germany, and Austria, and Poland, and the Balkan States, and perhaps Russia, a safe place in which they may live "in freedom from fear and want."

This fact becomes clear when we note the provisions of the international agreement covering primarily war relief, which stipulates "for the return to their homes of prisoners, exiles, and other displaced persons," and also properly lays it down that relief shall be distributed fairly, "without discrimination because of race, creed, or political belief," but adds that account shall be taken, however, of "needs caused by discriminatory treatment by the enemy during its occupation of the area."

Looking to the post-war period, and remembering that the fear and want concept is intended for permanent application, not temporary, we must not overlook that we ourselves have minority problems as old as the nation. We have the colored minority, we shall have a Japanese minority, and we have other minority groups that bid fair to bring trouble. We have always had some want amongst us. Who will bell this cat of America?

International Police

I suppose this is where this much touted international police force appears. A few airplanes, we are told, will be able to persuade the majority to treat the minority as someone else outside the country believes they should be treated. Since fear and want are to be eliminated, this airplane persuasion must of course not use fear. (Perhaps the airplanes are to be used merely to drop educational pamphlets.) But who will lay down and who will apply the rule as to fear or want—either for Russia or for us? Whose airplanes are going to bomb us into subjection without fear, so that the minority, not the majority, shall rule as somebody else thinks they should rule? Britain also has some minority problems in India, in Africa; the Netherlands have them in the Dutch East Indies, and other nations have them elsewhere.

I trust you will pardon my giving my own formula for international rule: It fits this situation: You never complain that some other power does what you do, unless he violates his own law by so doing. You never ask another power to do what you do not do, unless his own laws entitle you to ask for it. That is a sort of living-in-glasshouses formula.

Liberty, freedom, is the right of the majority to rule. The love of liberty is a fairly universal passion of humanity when free to express itself. But liberty was never implanted in the hearts of a people from the point of a bayonet, nor will it ever be from the nose of an airbomb. Can we keep a straight face and say that bombers and occupying armies are to bring subjection without fear,—that they will give freedom from fear through fear?

Our Finances

Having in mind the meeting of all these obligations incident to bringing the Four Freedoms to the peoples of the world, as well as the cost of maintaining our own homes and feeding and clothing and housing and educating our own children—with all this in mind we may give brief notice to our own financial situation. I believe I am reasonably accurate in these astronomical calculations.

With a gross public Federal debt, direct and guaranteed, of approximately 170.6 billions of dollars; with a projected expenditure for the future of 8 billions of dollars per month, of which 3 billions are to be raised by taxation and 5 billions by deficit financing, or a total of 60 billions of debt for the year, making a total debt of, say, 230 billions by Dec. 31, 1944; with a total war program authorized since July, 1940, of 344 billions; with a request for an additional 100 billions, making a total on this count of 444 billions; with constantly rising taxes and cost of living; with drastically and increasingly curtailed production of foodstuffs; with a reported almost saturated but still accumulating stock pile of ships, steel, copper, aluminum, small arms ammunition, and apparently other armaments, to say nothing of the still unused stock piles of aluminum cooking utensils and used rubber tires we collected with brass bands and uninformed hysterical enthusiasm; with a national spending philosophy which is described as holding "that public finance is really only a matter of bookkeeping, that a rising debt has no adverse consequences, and that without a constantly increasing debt we cannot have full employment and prosperity;" with the knowledge that Britain's total expenditures during the war period—July 1, 1940, to June 30, 1943, was only 60.9 billions of dollars, and Canada's only 9.8 billions of dollars, while our expenditures were 125.2 billions, and that apparently we have not lessened that ratio to date; with the forecast that our ante into the overhead cost of the game of the United Nations Relief and Rehabilitation Administration is to be 40% of the total (the United Kingdom gives 15% and Russia 15%, with driblets handed out to the other nations, the total for the whole British Empire being only 24.8% against our 40%); with our initial commitment for immediate war relief approximating 1.35 billions of dollars; with the recollection of the principle that sent millions of yards of our rayon to clothe the dusky beauties of North Africa while our own women folk went without; with a recollection of the shiploads of wheat we sent to the same place to feed starving natives, only to find these same natives with large stores of home-grown wheat, the export of which we had prevented and which we had to buy from them at fancy prices; with a partial knowledge of the billions we have virtually forced on Latin America who are reported now to fear more our economic dominance than they formerly feared our supposed armed imperialism; with an indisputable knowledge that we are bringing the whole world into a state of mind where they expect from America every conceivable help in any dreamed of amounts, by money and other assistance without any thought of the slightest responsibility on their part that they are ever expected to pay any considerable part of it back to us; with a monumental Santa Claus-minded control here, giving gratuities, not as the real Santa Claus, out of their own pockets, but on the contrary, out of your pockets and my pockets—with all this in mind it would be superfluous in me to say anything about our future finances. He who would discover them, must fathom the deepest abysses of the lowest financial hell. I have no desire to make the trip, but we may all have to make it together.

But let us assume we get the money somehow—that we discover a gold mine, or strike an oil well, or that Britain and France pay their first world war debt, or that Britain and Russia compensate for their lend-lease aid, or that the Latin Americas repay to us the great advances we have made to them, or that Britain says you go ahead and recoup from world trade, or that the nations pass the hat for us, or that everybody burns up the Government bonds he owns, so that somehow we come into funds—still it will take more than money to work out this plan. It will take grit and work and sacrifice from all of us, not merely the few; it will spell scant rations, long and longer hours, fewer comforts, cheerless days; it will demand of all, not the few, the highest order of patriotic devotion, civic virtue, moral courage, intense industry, and complete unity to a single purpose. And not only must we here in America have these things, but they must be the common possession of the peoples of the world.

Do you believe we and the world have the civic virtue, the moral force, the honesty, the spirituality, the brotherhood of man in our hearts, enough to carry all this through?

National Deficiencies

Where do we, ourselves, stand in these necessary qualities?

You know how near we are to Cleveland's dictum: "Public officials are the trustees of the people." You know that now we sometimes have a shamelessness that shocks. So also you know that great groups of our people expect to live without work as of right, and intend so to live; that our children, who tomorrow must carry on, are being corrupted by false economic, social, governmental, and religious doctrines, even in our public schools; that we are oppressed by a great mass of rules, regulations, and directives that are unconstitutional, that are the offscourings of legally dissolute bureaucracies, and that are making of us a lawless people, both by omission and commission; that we are unbelievably wasteful in food, materials, machinery, transportation, manpower, and above and beyond all, wasteful of the virtues that go to make character; that we are increasingly careless of our word and our promises, a carelessness that affects all classes and all vocations; that the Gov-

(Continued on page 1114)

Municipal News & Notes

The Memphis, Tenn., Light, Gas & Water Department plans to retire a block of $389,000 electric bonds of 1964 and has budgeted a sum of $400,670 to pay the principal, plus the 3% call charge. A further $756,359 of maturing bonds will be paid off during the present year, reducing the electric department principal debt to $11,191,000 from the original aggregate of $15,750,000 in June, 1939.

A grand total of $1,751,000 in bond principal and interest will be paid on the entire utility debt this year and this will leave $14,734,000 of outstanding bonds on the municipally - owned properties, according to the 1944 forecast of the division, of which Major Thomas H. Allen is President. The last of the gas department debt, which totaled $5,250,000 when the property was purchased by the city in 1939, will be paid off on June 1 next. After paying $394,760 in bond principal, the water department indebtedness at the close of the present year will be $3,543,000.

The forecast reveals the division expects to end the year with a net profit of $3,026,895. Its revenues are contemplated to be $14,682,111 and operating expense $10,341,805. Thus net revenue would be $4,340,206. Additional deductions of $508,658 for bond interest and $804,753 for sinking fund appropriations are planned.

Maj. Thomas H. Allen, president of the L. G. & W. Commission, already has announced a $4,500,000 construction program designed for the three departments which will consume a major part of the remaining net earnings of the division accumulated since it began operation.

The widespread building program is expected to get off to a fast start this year with expenditure of nearly $2,000,000 for work Major Allen said is "badly needed" because of demands made recently on the division for additional service.

After construction funds have been used or set aside from accumulated net earnings, the division plans to end the year with surplus net profits of $379,569.

Each year since the city began operation of the utilities, departments have set aside funds for depreciation. This money has been fed into a renewals and replacement fund, separate and apart from net earnings.

Major Allen said the "R. & R." fund now has a total of $3,753,000. This money, he said, is invested mainly in Government securities. Funds in "R. & R." by departments include: Gas, $811,000; electric, $940,000, and water, $2,002,000. An additional $1,862,080 is earmarked for operating expense for "R. & R." this year.

Anticipated revenues and expenditures by departments this year follow: Electric, $6,356,453 revenue and $5,436,576 deductions, leaving $919,877 net profit; gas, $6,401,267 revenue and $4,846,808 deductions, leaving $1,554,459 net profit; water, $1,924 391 revenue and $1,371,832 deductions, leaving $552,559 net profit.

Should the division find that it will be unable to carry on construction scheduled for 1944, Major Allen said money set aside for construction purposes will be used for calling electric bonds in advance of maturity. War Production Board priorities must be obtained for most material used by the division.

Mayor Walter Chandler has announced that $500,000 would be "contributed" by the division to the city treasury and a 15-cent reduction made in Memphis' tax rate of $2.10 on each $100 valuation.

In addition to this contribution, the division has budgeted $612,795 as the equivalent it will pay in taxes to the city, giving the city a total revenue of $1,112,795 from the utilities this year.

U. S. Supreme Court Rejects Coral Gables Debt Refunding

The U. S. Supreme Court on March 13, by a 4 to 4 voting split, affirmed rejection by the Fifth Federal Circuit Court of the debt refunding plan, involving approximately $9,000,000 obligations, promulgated by the city of Coral Gables in 1940. The high court granted a review of the case in November, 1943, following the decision of the Circuit Court, which held that the plan was not filed in good faith and not fair to opposing creditors.

Among the creditors who opposed the 1940 program were Ed C. Wright of St. Petersburg, and the American National Bank of Nashville, and they complained on the ground that the 1936 refunding program, adopted by the city before passage of the Federal Municipal Bankruptcy Act, had been abandoned; that discriminatory settlements with certain creditors were subsequently made, and that under the 1940 plan nonconsenting bondholders were being "bludgeoned into submission."

N. Y. State Net Debt Cut $72,000,000 Since 1938

Within the remainder of the present fiscal year and the next 10 years ending March 31, 1954, maturities of New York State bonds will total $212,158,000, or 52.5% of the outstanding serial bonds, according to the municipal department of R. W. Pressprich & Co., New York, which says in a study on the value of the State's bonds that these bonds will be paid, in all probability, without recourse to refunding, a practice of the State since 1849. This, according to the firm, emphasizes the fact that there will be a steady retirement of bonds.

In addition, the firm points out that on Feb. 1, 1944, the sinking funds for the $228,500,000 outstanding term bonds amounted to $148,694,881, and consistent with actuarial requirements these sinking funds will be further built up to meet the principal of the debt at maturity. The issuance of term bonds was discontinued in 1917, and no more term bonds may be authorized, as all new State bonds must be serial, according to the Constitution as amended in 1938.

The State's authorized but unissued bonds now amount to $407,570,000, these authorizations being for grade crossings elimination, highways and parkways, and housing. Each authorization has been approved by the people of the State through amendments to the Constitution.

Because of the accumulated surplus, as well as the change in the fiscal year, the State has been able to eliminate borrowing in anticipation of revenue. This is in contrast to net temporary debt of $144,364,706 on June 30, 1933, and the more recent high of $75,744,335 on June 30, 1939. On Feb. 1, 1944, the only unfunded debt consisted of $404,486 of notes in anticipation of appropriations, and $7,062,000 of bond anticipation notes, most of which have been funded by the bond offering of March 1.

Important to bondholders, says the study, is that gross and net funded debt have been substantially reduced within recent years. The all-time high of the gross funded debt was reported June 30, 1938, as $681,823,000. As of Feb. 1, 1944, including bonds sold March 1, the amount was $617,166,000. Moreover, the decline in the net is a better comparison of the change in the funded debt, as it gives effect to the accretion of the sinking funds. On June 30, 1938, this net funded debt was $541,299,157, whereas on Feb. 1, 1944, including the new bonds, it was $468,471,119. This is a reduction in six years of $72,828,038 or 13.4%.

Philadelphia Issues Tabulated

Yarnall & Co., Philadelphia, will furnish upon request a copy of their special circular containing a description of the outstanding bond issues of the city of Philadelphia. The study shows the principal amount of each issue, coupon rates, maturities, sinking fund holdings, form of bond and legal opinion. Requests for copies of the study should be addressed to Yarnall & Co., 1528 Walnut St., Philadelphia 2, Pa.

Montreal, Que., Default-Cure Debentures Offered

A Canadian syndicate of banks and investment houses, headed by the Dominion Securities Corp., and L. G. Beaubien & Co., made public offering last week of $48,433,500 series A refunding debentures, with coupon rates ranging from 2¼% to 3¼%, at a price of par. This financing is being carried out as part of the over-all debt refunding provided for in the plan recently adopted by the municipal government and authorized by the Quebec Legislature. Purpose of the current offering is to provide for payment of overdue bank loans and bond principal maturities. The city defaulted in principal debt payments several years ago, although it continued to pay interest on the maturities at the contract rate. The series A refunding obligations are dated May 1, 1944 and mature serially on May 1 from 1944 to 1953 incl. It is believed that a portion of the issue will be placed privately in the United States by the Dominion Securities Corp. and Harriman Ripley & Co., Inc.

The recent adoption of the plan for financial reorganization of the city climaxed protracted negotiations between representatives of creditors, city officials and the Quebec Municipal Commission, which has supervised the financial affairs of the city since the initial default. Aside from the current isue, the program calls for payment of contract rates on the remainder of the approximately $228,000,000 of net city debt, and 3¼% to 3¾% thereafter. Maturities will be extended from 9 to 16 years. Approximately $51,000,000 of additional bonds held in the city's sinking and working capital funds will be cancelled.

John Pershing Partner In Masslich & Mitchell Municipal Counsel

Admission of John Pershing as a partner was announced March 10 by Masslich & Mitchell, one of the outstanding municipal law firms in the country. Mr. Pershing has been associated with the firm since June, 1935, and his father is senior member of Pershing, Bosworth, Dick & Dawson, municipal bond attorneys of Denver.

The firm of Masslich & Mitchell, was formed in January 1929 by Robie L. Mitchell, senior partner, and Chester B. Masslich, has been identified as bond counsel with a majority of the public revenue bond issues brought out in recent years and introduced the modern trust indenture or trust agreement to secure such securities. This instrument was first prepared by the firm to secure the bridge revenue bonds issued by the City of Louisville for the construction of the municipal bridge over the Ohio River.

Among the other issues carrying his firm's legal approval which Mr. Mitchell considers the most interesting examples of self-liquidating public enterprises are the Bridge Revenue Bonds of the Commonwealth of Kentucky, the State of Ohio, and the State of Maryland, the Turnpike Revenue Bonds of the Commonwealth of Pennsylvania, the Tunnel Revenue Bonds of the City of Mobile, the Water Revenue Bonds of the City of Miami, and the recent issue of $20,000,000 Electric Revenue Bonds of the Puerto Rico Water Resources Authority.

The firm has furnished legal opinions on hundreds of issues, both general obligation and revenue, brought out by States, cities, counties, school districts, etc., in all parts of the country.

This advertisement appears as a matter of record only and is under no circumstances to be construed as an offering of these securities for sale, or as a solicitation of an offer to buy any of such securities. The offering is made only by the Prospectus.

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March 16, 1944

Some Factors In The Proposed Post-War International Pattern

(Continued from page 1112)

ernment has lost all sense of balance between taxation and successful business, and that business has lost its sense of proportion between wise and unwise expenditures because government is supposed to be paying such a large part of the expense; that never before have the people been so divided into classes as now, ready and of a temper to fly at one another's throats.

But I need name no more—though there are many—of the things that now hamper us, and will do so more and more, in our effort to get back to sound thinking and right living, to wise national growth and to the upbuilding of the prosperity and welfare of all of the people. Yet I wish clearly to make the point that, unless corrected, these matters I have touched upon will not only retard, if not make impossible, our national recovery, but are likely to stand as a bulwark against our successfully meeting any great international burden after the war.

If we are to be the savior of the world we must come to our task with the spirit and the virtues of a savior.

International Handicaps

We may now say something about the international moral fiber that the world has for use in coming to this task of world salvation.

We may say to begin with that the world has gone back a half a millenium in its conduct of international relations in time of war, and may we say further that no nation has to bear a greater blame for this than our own.

Lessening the Horrors of War

Three and a quarter centuries ago the great Dutch publicist, diplomat, theologian, and literateur, Hugo Grotius, brought forth his work **De Jure Belli et Pacis.** This work has deeply influenced the conduct of nations at war from his time on until the opening of World War I. Grotius stated these reasons for writing the treatise:

> "I saw prevailing throughout the Christian world a license in making war of which even barbarous nations would have been ashamed; recourse being had to arms for slight reasons or no reason; and when arms were once taken up, all reverence for divine and human law was thrown away, just as if men were thenceforth authorized to commit all crimes without restraint."

From the time of Grotius until World War I, men had consciously tried ever to lessen the ills of war, and especially to relieve non-combatants—old men, women, and children, the sick and the wounded—from the ravages of war. Nations had sought to find ways to restrict as much as might be the theater of war, and to recognize and protect neutrals in their normal trade and travel. War was held a curse whose evils should be kept, so far as might be done, within the smallest limits and affecting the fewest number.

In this great march of humanity for a higher level of international life and relations among the peoples of the earth, this great country of ours took a leading and glorious part.

The first body of rules ever issued by any power for the control and guidance of its armies in the field, was that prepared by Dr. Francis Lieber and promulgated by Lincoln in 1863 for the use of the Union Armies in the Civil War. It went beyond the usual war practice of nations in protecting the weak and innocent. These rules are said to have been largely followed by the armies of France and Germany in the Franco-Prussian War of 1870, and to have been basic to all codes since drawn covering the laws and customs of war. This advanced code prohibited the use of poison in wells, or food, or arms; forbade inflicting of additional wounds upon a disabled enemy; declared that commanders should, as a rule, give notice of bombardments "so that non-combatants, and especially women and children may be removed before the bombardment commences;" it stipulated the sanctity of protective flags or signals for buildings containing works of art, scientific museums, astronomical observatories, precious libraries, so that they might be preserved; and so on with like protection for non-combatant life and non-military private property. This was in 1863, in a code—of our own volition. Holland, an unsympathetic British authority, characterizes the rules "as certainly more severe (that is, against the belligerents) than the rules which would be generally enforced in a war between two independent states."

The Hague Conferences of 1899 and of 1907 embodied in formal multi-partite conventions, all these principles, extending them in some instances, as for example, by specifically prohibiting in the First Conference the dropping of projectiles and explosives from balloons, and by inferentially doing so in the Second Conference.

The Convention on the Laws and Customs of War on Land of the Second Hague Conference 1907, had provisions: Forbidding the use of poison or poisoned weapons; the killing or wounding treacherously of individuals belonging to the hostile nation or army; the killing or wounding of an enemy who, having lain down his arms, or having no longer means of defense, had surrendered at discretion; it forbade any rule or practice that no quarter would be given, and likewise the employment of arms, projectiles, or material calculated to cause unnecessary suffering; enemy property was not to be destroyed or seized unless such destruction or seizure be imperatively demanded by the necessities of war; family honor and rights, the lives of persons, and private property, as well as religious convictions and practices, were to be respected; and pillage was formally forbidden. This provision must obviously be taken as calling for the sparing of women and children upon considerations pointed out by Grotius nearly 300 years before. It was also provided that: "In sieges and bombardments all necessary steps must be taken to spare, as far as possible, buildings dedicated to religion, art, science, or charitable purposes, historic monuments, hospitals, and places where the sick and wounded are collected, provided they are not used at the time for military purposes," all which were to be properly marked and notified to the enemy.

This summary survey has been given in order that you might gather, more or less clearly, the advance which humanity had made toward curtailing the horrors and suffering of war.

Our Backsliding

Now let us be unflinchingly honest with ourselves and then ask whether there is any one essential thing that was forbidden by these ameliorating codes that has not been practiced in this present war, and the most of them in World War I. The things over which we professed horror at the beginning of the war—the bombardment from the air of cities, towns, and villages, the wholesale destruction of property, the indiscriminate killing, including the aged, the infirm, the women and children—do we not now hail all these as achievements deserving highest praise?

It will not do to pass off all these operations and others as being merely a matter of retaliation on our part. We as well as the enemy have been aggressors, both in the last war and in this. Furthermore, that one nation violates a law is no proper justification for another nation to do so. Remember the old dictum: "Two wrongs do not make a right." Our love for peace, our actual record for peace, our boasted concern for humanity, should have led us to seek some arrangement with our enemies to curtail barbarous methods, rather than to try to outdo them. There is, moreover, the strongest reason for believing that the General Staff of every first class power in the world, including our own, spent their full effort between World Wars first and second in trying to develop methods and weapons that would wipe out peoples, not merely destroy armies and navies. All planned for a war of extermination. They will be at it again after this war, unless curbed.

Having in mind the day by day plan and effort to instill hate in the hearts of the peoples of one warring group against the peoples of other warring groups; having in mind the suffering, the indignities, the sickness, the woes and misery, the starvation which the one side has inflicted on the other; remembering the loss of husbands, sons, and kin, and the grief and anger this has built in the hearts of all peoples—having all this in mind, and this may be the worst curse of the war, can we not see how difficult it will be, after the war is over, for the nations to settle down to rebuilding the world even on the basis of brotherly love? Yet, if the rebuilding is on any other basis than kindness and brotherly love, it will be merely another chapter in the rule of force and hate, a precursor for another war. Our peace will be but another armistice of Versailles.

Union Now

There is one matter we might mention here as an incident to the post-war world—the propaganda now waging for our "union now" with Britain in a world super-state.

Some facts should be in mind. For hundreds of years, western Europe has feared and sought to make herself secure against the Russian Bear. This was one prime consideration of the great plan of Henry IV conceived in the brain of Elizabeth of England. This fear was one of the causes that wrecked the Holy Alliance. With Germany defeated and a prostrate France, there will be nothing between Russia and the Atlantic. The United Kingdom will be without her usual European protection worked out through alliances and balance of power arrangements. She now seeks aid from beyond the Atlantic. It would hardly do to form an open alliance against Russia; and both Britain and ourselves should be wary of an alliance with her. So the device is conceived of a "union" of states, which, however, would tie the nations together more securely than an alliance and be a greater threat to Russia.

But such an alliance would lead, and such a "union" will lead, sooner or later, to a counter-alliance by the other nations that would challenge the power of such a "union," so meaning either constant war for supremacy or a war of absolute conquest by the one or the other and a consequent enslavement of the conquered. Peace without liberty spells a stalemate in civilization and spiritual development. "Union now" has far more ill than good in it. Nor must America ever become a party to an attempted military domination of the world.

The propagandists for the "union now" plan, are trying to build a sentiment therefor by telling us how interested Britain is and always has been in our welfare, prosperity, and security; that she has been during the whole history of the Republic a sort of guardian angel watching over us; and that during the century and a half of our national existence we have been the hapless and helpless beneficiaries of British land and sea power.

Of course, this is not fact. We have grown and prospered in spite of, not because of Britain's power.

There have been occasions when the United States and Great Britain have risen to heights of forbearance and tolerance and peaceful intent, one towards the other, unequalled in the history of great nations. We may recall to our minds two of them—the Rush-Bagot Agreement for the limitation of armaments on the Great Lakes and the arbitration of the questions involved in the British construction and outfitting of Confederate raiders. We have also settled by equally peaceful means our northern and Alaskan boundary between Canada and ourselves. We began this peaceful course under the Jay Treaty of 1794. There was another incident, a gesture, with Dewey at Manila Bay, but in appraising this we should not forget the Casablanca incident between Germany and England, which showed their relationship.

But there is another side to the picture. We will sketch it out briefly.

British Guardianship Over Us

In appraising this guardianship we are entitled to remember that as we tottered forward after Yorktown, Britain refused to surrender forts and territory coming to us under the treaty of peace, driving us to the threat of war measurably to obtain our rights; so with the harassment of American commerce almost to destruction during the period of British Orders in Council and the French decrees, including the Berlin and Milan decrees; so when Britain, still clinging to our territory, incited the Indians on our borders to all the horrors and savagery of Indian warfare against our defenseless settlers, fired upon our vessels, stopped American vessels on the high seas, impressed American seamen, and then waged with us the War of 1812; so with her challenge with France of the Monroe Doctrine of which they now erroneously claim authorship, in La Plata (1846) with armed force; so we may remember when, the North and South being locked in a death struggle, Britain joined with France and Spain in an armed invasion and occupation of Mexico, contrary to the Monroe Doctrine, though, be it said to her credit, Britain retired from this venture when the imperialistic aims behind it became clear; we may remember, too, when during that same struggle of our Civil War, Britain permitted the outfitting of Confederate raiders to such an extent and such manner, that our Minister, Charles Francis Adams, was forced to point out to Earl Russell, the British Foreign Secretary, "It would be superfluous in me to point out to your Lordship that this is war;" nor may we forget the long disputes over our rights in the Northeastern Coast fisheries, which more than once brought us to the brink of war because of measures of exclusion visited against us by the Canadian Government; we may recall the British boundary dispute with Venezuela when we again had to threaten in order to bring about the observance of the Monroe Doctrine, and so also in the matter of the Pacific blockade of Venezuelan ports in 1903 by Great Britain and other European powers. We may not forget either the trade rivalries that have gone on since the beginning, and particularly when after the Civil War, our ships and commerce, driven from the seas by the Confederate raiders, built and fitted out in British shipyards, Britain seized the shipping of the world while we staggered forward again in an effort to regain our place. Nor may we forget that in the present British War Parliament already they are complaining about us and our possible interference with unhampered British trade after the war, nothwithstanding the enormous vital contributions we are making to her under lend-lease.

Let us be just to Britain, but not unhistorically maudlin.

World Organization

We may now touch one point only about a world organization.

In the eighth paragraph of the Atlantic Charter, the disarmament of certain nations is affirmed as necessary "pending the establishment of a wider and permanent system of general security."

In the Moscow Declaration, it was asserted by the four signatories:

> "4. That they recognize the necessity of establishing at the earliest practicable date a general international organization, based on the principle of the sovereign equality of all peace-loving states, and open to membership by all such states, large and small, for the maintenance of international peace and security."

This was signed by Secretaries of State, not by the heads of States. Sometime some point may be made of that fact.

In the three power Declaration of Teheran—signed by President Roosevelt, Premier Stalin, and Prime Minister Churchill, the most powerful triumvirate in all history—the post-war setup was stated with greatest caution—indeed the whole Declaration is a model of care and circumspection. Here they said:

> "Emerging from these cordial conferences we look with confidence to the day when all peoples of the world may live free lives, untouched by tyranny, and according to their varying desires and their own consciences."

A number of interesting questions "emerge," like the negotiators, from these various statements and others made by one or more of the signers, but we shall consider now but one—that which declares for "a general international organization, based on the principle of the sovereign equality of all peace-loving states, and open to membership by all such states, large and small. . . ."

The principle of the equality of sovereign states "large and small" is as old as the modern "society of nations," now renamed to meet the spirit of the times, "the community of nations."

The principle was announced 120 years ago by Chief Justice Marshall in these words:

> "No principle of general law is more universally acknowledged than the perfect equality of nations, Russia and Geneva have equal rights. It results from this equality that no one can rightfully impose a rule on another. Each legislates for itself, but its legislation can operate on itself alone. A right, then, which is vested in all by the consent of all can be divested only by consent—as no nation can prescribe a rule for others, none can make a law of nations."

In this statement also are announced a number of principles that are basic to our whole existing world status and the status proposed in the post-war pattern. We will use only the dictum:

"Russia and Geneva have equal rights."

Applied to a world organization which is based on the "sovereign equality of all peace-loving States . . . large and small," the principle means that in such an organization the vote of Panama would equal the vote of the United States; the vote of Salvador would equal the vote of England, and the vote of Haiti, the vote of Russia—that is, this would have been true of Russia prior to her action on the 2nd of this month, when apparently she so divided herself up as to give her 16 or 17 votes.

If the vote of Russia shall be increased by this new move, then Russia will have 16 times as many votes as we have, nearly three times as many as Britain and her dependencies, within one vote of all the countries in continental Latin America, and within 10 votes of all the rest of Europe combined as of 1929. In any conference with only the United States and the British Empire, Russia will outvote us more than two to one, and in a conference just with ourselves, 16 to one, as stated.

In the Council created by the Food Agreement (U. N. R. R. A.), 44 nations are represented—Russia counting as one. In the new arrangement there will be 59 nations, out of which we shall have one vote, and Russia 16 or 17. The Council for Europe set up under the Food Agreement (U. N. R. R. A.) is made up of 11 countries of Europe besides Russia, and in addition Brazil, Canada, and the United States. Russia, under the new setup, will outvote all the others combined. Russia will likewise dominate the Committee on Supplies, and the Committee on Financial Control.

In any final permanent arrangement effort will no doubt be made, under some such pattern as the League of Nations Assembly and Council, to give to a few great Powers the control of the organization. But, for rather obvious reasons, that refinement will not be given out just yet. We must not discourage or throw suspicion in the minds of the small Powers.

It is not necessary to point out to you members of the Bar just what could happen to us in any world organization where we are one out of 59 in all matters of voting; nor how hazardous our situation could be if the organization should put us by its votes under any obligation as to military expeditions against recalcitrant members or as the financial aid and assistance to the indigents.

What Might Be Done

Someone will ask: What may we do to solve this situation?

First, this is a problem for all citizens, and not for a few interested and revolutionary bureaucrats. It is the problem of every industry, of every farm, of every profession, of every household, of every man and woman of the nation, for if the present plans shall carry through they will want our money to pay their bills, and want us and our sons to police the world. The problem is not insoluble, taken over the years. With courage and unselfishness we shall work it out. But it will not be solved by wishful thinking or by revolutionary design. It calls for common council, not for dictatorial decree; it calls for a united purpose of a united people, not for a selfish design fathered by an alien minority. The wisdom of the mass is always greater than the thinking of the few, however able the few may be.

Certain things may be mentioned as the **sine qua non's** of any permanent solution of the world disease:

Peace Based on Justice

We must have a peace based on justice rather than might; that is, it must be a peace upon terms that will leave all peoples willing if not anxious to carry them out, because that is a peace that is clearly an alternative to another war. No permanent peace will come unless this be done. The men who are fighting and their families want peace now and hereafter; they of America are not primarily concerned with questions of empire holding or empire building.

Along with this peace should come a will to increase the spirituality of the earth's peoples and a building up of a true spirit of the brotherhood of man by treating all men as brothers, not as enemies nor as menials or inferior orders of creation. Real peace will never come till the Gospel of Christ rules the hearts of men, until we shall yield obedience to the great commandment drawn from the statutes of Israel's Law-Giver: "Thou shalt love the Lord thy God with all thy heart, and with all thy soul, and with all thy mind. This is the first and great commandment. And the second is like unto it: Thou shalt love thy neighbor as thyself. On these two commandments hang all the law and the prophets." So spake the Master to the quibbling Pharisee.

And after the Christ had gone to the Father, James rephrased the principle: "If ye fulfil the royal law according to the scripture, Thou shalt love they neighbor as thyself."

When this time comes, then shall the world have peace from arms, and that higher peace promised by Him Who alone can give it, for He said: "Peace I leave with you, my peace I give unto you. . . . Let not your heart be troubled, neither let it be afraid."

Such a peace would eliminate at once all armed force, because a rule of force is always a rule of hate on both sides, and peace will never be born of hate. This would dispose of international police forces, occupying armies, and all the impossible tasks incident to alien domination. Since war lords know only armies and guns and brute force, none of them of the victor nations would like this, but we their peoples would welcome it as our redemption from bloodshed. For the people love the paths of peace and quiet and the orderly progress of an ever-increasing culture and advancing civilization and a constantly growing spirituality.

A solution by a rule of brute force would discard all the wisdom of the ages and take us clear back to the dawn of civilization. Surely we have grown too much through the generations to make this the best answer we can now make. Surely we shall not try to live through again the whole history of human kind, again using all the devices of armed peace and selfish power that have failed from the beginning.

World Disarmament

To bring us to our peace we should have total, not partial, world disarmament as the Atlantic Charter suggests. The reasons may be given in a sentence. You will no more have a world society of law and order by taking away the guns from a part of the gang and letting the others tote theirs, than you will by having all of them tote all the guns they can carry—and all history shows this last will not bring peace.

Moral Force

We must have a world organization for purposes of deliberation, but not for the purpose of waging wars and imposing sanctions. We must bring to bear in the solution of matters of world concern, that moral force of the world of which President Wilson righly thought so highly. As the situation stands today, we of America have lost our own moral force in world affairs—a force which was once very great; we speak now only as our brute force may sustain us. There is indeed no moral force left in all the world to whose voice the warring nations are as yet willing to hearken. We are now living under the law of the jungle where in cataclysms every beast fights to the death for his own life.

Are we Christians? We act like pagans.

Peaceful Adjustment of International Disputes

One other element I will name, that is, the peaceful adjustment of international disputes.

We ourselves have a great record for the adjustment of our international disputes by peaceful means, instead of by war and forceful compulsion. No nation has had a more effective or glorious past in developing the system than ourselves. We cannot even catalogue our achievements tonight—they are too numerous; but this much may be said:

By the first treaty (Jay Treaty, 1794) between ourselves and the Mother Country after our treaty of peace, we set up the system of arbitration of international difficulties, instead of settlement thereof by war. From then till now we have so worked out, peaceably, literally hundreds of cases that were possible causes of armed conflict. We have, over and over again, arbitrated boundary disputes—that ever-fruitful source of war. We have so settled many scores of claims of our citizens for injuries suffered at the hands of other countries. We have so adjusted questions touching rights of fishery in coastal waters recognized and secured to us by treaty, as well as questions touching invasions of our sovereignty, our rights as neutrals, our rights as a belligerent, our rights and duties on the high seas, the rightfulness of the decisions of our Supreme Court. We have even arbitrated the rightfulness of acts of war committed against us. Furthermore, where we have been convinced that judgments rendered by arbitral courts in our favor have gone beyond the demands of justice and equity, we have refunded the excess to the injured country. The record is a glorious one. It has helped to make of us a heretofore peaceful nation. It has been a strong bulwark against our shedding the blood of weaker nations and of our own sons. Yet in spite of this record of a hundred and fifty years, in spite of this custom or tradition we had built, I recall no announcement of any effort so peaceably to adjust the difficulties that lie behind the present holocaust. We have lost, at least for the moment, the temper to live at peace with our brethren of the world, our fellow Children of God.

But I must close.

I have touched tonight upon many matters and many incidents and principles. I have perhaps left you with few concrete, definite concepts or conclusions in your minds. This was inevitable, insofar as my abilities are concerned, for the field of inquiry was very broad and none I have named might wisely go unmentioned. But if I shall have left you with the conviction that the matter is too complicated to be settled by some rule o' thumb, or by some fireside chat, or by the **ipse dixit** of some ambitious, interested, would-be world leader; if I shall have left you with the conviction that great issues and basic human urges and passions are involved which could preserve or could ruin our system of society and government, even our civilization, all depending upon how the urges and passions shall be directed and used; if I shall have left you with the determination to know more about all this before you give your approval or disapproval of any plan that may be proposed; if I shall have left you with the knowledge that the situation in which we find ourselves is one of dire distress, and must be considered and solved without heat or rancor or partisanship, upon the utmost wisdom and highest patriotism—if I have been able to do this, my purpose in speaking to you shall be fully met. It has not been my purpose to try to tell you what to think or what to do.

Members of the Los Angeles Bar, this future of ours is a matter of concern for every citizen, for the task that lies ahead will rest with a heavy hand upon each of us. But the burden is yours, each of you, and yours not only, but the burden of your sons and your daughters, your grandsons and granddaughters, even for generations to come. For we may not waste away our strength, our civic virtue, our inheritance of free institutions, and recover them in a day. They were built by the generations of illustrious, patriotic ancestors who preceded us; they must be saved from destruction by ourselves, then rebuilt to even greater perfection by those who follow us. We can do it if we shall have the will to do it; our children can do it if we shall inspire them to its accomplishment.

We must come to the task of decision that now faces us, with the purest motives. Avarice, greed, selfish ambition, the thirst for power and place and dominion, must all be thrust from our hearts. We must come with the loftiest patriotism, with a single allegiance, undivided, unshared, undefiled, for the Constitution under which we live—so in effect runs the oath of office of each of you who grace the Bar of this Commonwealth. Our hearts and hands must be clean of all foreign **isms** and alien political cults. The Constitution and its free institutions must be our ensign.

For America has a destiny—a destiny to conquer the world—not by force of arms, not by purchase and favor, for these conquests wash away, but by high purpose by unselfish effort, by uplifting achievement, by a course of Christian living; a conquest that shall leave every nation free to move out to its own destiny; a conquest that shall bring, through the workings of our own example, the blessings of freedom and liberty to every people, without restraint or imposition or compulsion from us; a conquest that shall weld the whole earth together in one great brotherhood in a reign of mutual patience forbearance, and charity, in a reign of peace to which we shall lead all others by the persuasion of our own righteous example.

This, gentlemen, is the destiny of our America. May God give us citizens strength to live for it, and the moral power to achieve it.

Interesting Situation

Steady and substantial growth in earnings of the "Utility Group" have increased the speculative attraction of both the Prior Lien and Plain Preferred stocks of New England Public Service Company according to a detailed circular on the situation prepared by Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange and other leading national exchanges. Copies of this interesting circular may be had from Ira Haupt & Co. upon request.

Available On Request

Schenley Distillers Corporation have prepared an attractive booklet containing the first articles in the series they have been running in the "Financial Chronicle." Copies of this booklet may be had upon request by writing to Mark Merit, in care of Schenley Distillers Corporation, 350 Fifth Avenue, New York 1, N. Y.

Guaranty Trust of N. Y. Situation Attractive

Guaranty Trust Co. of New York offers an attractive situation according to a bulletin prepared by Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange. Copies of this interesting bulletin may be had upon request from Laird, Bissell & Meeds.

Electronic "Master Mind" Saves Money & Labor Man Hours

(Continued from first page)

always been necessary to do the work of calibrating by hand, a painstaking, laborious process subject to human error," Mr. Ballantyne explained. "It was therefore decided that many advantages would be gained and very substantial savings effected if the task could be done electronically.

"Months of intensive research and development work followed, and finally resulted in the perfection of a special electronic instrument employing 126 tubes which can 'think,' calibrate, calculate, and record dial readings many times faster than any human being—all without danger of error."

Essentially the Philco calibrator consists of three parts. The first supplies a source of standard frequencies against which the Signal Corps frequency meter is calibrated. The second provides a means of mechanically continuously driving the dial of the frequency meter and electrically generating a sharp pulse every time the frequency meter is turned through "zero beat" with the standard signal. This standard signal, incidentally, is derived from WWV, the United States Government standard frequency station in Washington, which in turn is calibrated against the stars. The third unit of the calibrator automatically records and tabulates the dial reading.

For the purposes of this electronic "master mind," it was necessary to develop a special type of frequency modulation (FM) detector, because the problem of exact calibration is far more complex than ordinary broadcast detection. In this instance, a form of frequency modulation, highly involved as compared with ordinary broadcasting, has been put to work to perform a precision job.

"Not only is this electronic 'master mind' now saving manpower and money for the Government during the war emergency, but it contains the promise of important peacetime applications in industry after the war," Mr. Ballantyne pointed out. "It represents one of the many ways in which research, engineering, and production are all working in conjunction at Philco to further the war effort and to prepare to help create a higher standard of living when victory is won."

Attractive Situations

Ward & Co., 120 Broadway, New York City, have prepared circulars on several situations which currently offer attractive possibilities, the firm believes. Copies of these circulars, on the following issues, may be had from Ward & Co. upon request:

Du Mont Laboratories "A"; Merchants Distilling; Crowell-Collier Publishing; P. R. Mallory; General Instrument; Long Bell Lumber Co.; Great American Industries; Mid-Continent Airlines; Richardson; Hartford Empire Co.; Central Electric & Tel.; Massachusetts Power & Light $2 preferred.

Pittsburgh Rys. Look Good

The current situation in Pittsburgh Railways System, particularly certain of the underlying bonds, offers attractive possibilities for appreciation, according to a study prepared by T. J. Feibleman & Co., 41 Broad St., New York City. Copies of this interesting study and also circulars on U. S. Radiator Corp., Jonas & Naumburg Corp., Fashion Park, Inc., and Oklahoma-Texas Trust, which are available to dealers only, may be had upon request from T. J. Feibleman & Co.

A Post-War Depression Can Be Licked: Walter D. Fuller

(Continued from page 1091)

you are. I don't know whether you are in either state of suspended animation. But suppose that the great gong should sound tomorrow. Suppose you should awaken to find that V Day has come and that the first round in the battle of peace is on. Are you going to be able to meet the new problems of sales and markets and competition? Are you going to be in the big battle for business or be as unprepared as we were at Pearl Harbor? Are you ready?

And, gentlemen, that is indeed a serious question. Upon the way that the business men in America answer it depends the future of this nation. That is not an exaggeration. I cannot overemphasize that all the freedom and liberty and democracy which we are fighting to preserve today, on battle fronts all over the world, can easily be lost when the war is won.

I emphasize it because the only way that we can save ourselves from economic disaster—and I mean disaster by default and not by dictation—after this war is, first, to realize our dangers and our opportunity. Then we can choose wisely.

We are teetering, ready to topple one way into state capitalism, or the other into the most abundant future that anyone can imagine. The groups of people who vision paradise or hell are simply looking over opposite sides of the teeter-totter. The inferno is certainly there on one side. Probably it takes a little less imagination to see it and to feel the heat of its fires than to visualize the paradise that is awaiting on the other side.

Let's be as realistic as possible today. One simple fact is that to speed war production the Government has invested 16 billion dollars in new plants. Another simple fact is that even in the midst of wartime prosperity we are a shell-shocked people from the 10 years of depression. We are very gun-shy about depressions. It also is a simple fact that with 16 billion dollars' worth of Government plants and equipment the American people are not going back either to apple-selling or leaf-raking. They are going to have jobs—either through our system of free enterprise or through a system of state capitalism.

Do you realize what the 16 billion dollars of Government investment represents in plants? The U. S. Government owns the greatest industrial empire in the world today, with the single exception of Soviet Russia. We have boasted of our great industrial empires of steel and oil, etc., of the past. The industrial empire of the Government today is greater than all of these.

The Defense Plant Corporation of the REC which has spent 7 billion of the total controls 1,774 factories, scattered all over the country. The Army, Navy and Maritime Commission have spent the other 9 billion. It is not known how many plants they financed, but it is safe to assume a similar number making a grand total of probably 3,500 plants and factories that are Government-controlled.

The House of Morgan in its heyday never dreamed such a dream of empire.

When the war is over the Government will control 92% of the magnesium capacity of America. And magnesium is one of the important metals of the future. The Government will control more than half the capacity for aluminum production. In aviation it will own 90%, or 10 times the privately-owned capacity. More than half of the important machine tool industry will be in the hands of the Government. It will control capacity for producing more than one-third of the peacetime rubber consumption. In steel and oil it will have capacity giving a controlling position. So in many other lines. In electric power, for example, with Boulder, Grand Coulee dams and TVA the Government has a hand on the switch of considerable electric energy. Other agencies have ownership in farm lands and banking institutions.

It may surprise you, too, to know that the largest publishing house in the world is not Curtis, it is not Life and it is not any other than the U. S. Government. Today the Government prints 441 publications, of which 241 are issued monthly, nine daily, 48 weekly and others on other periodical bases.

And still there are some people who think that post-war planning for their businesses is unimportant, or that they can do it before they go to bed some night, about as they would say their prayers. They think that the possibility of state capitalism is just another nightmare.

Some who have looked at these possibilities of state capitalism in the post-war days want to give up in despair, just as some people who stand on the rim of Grand Canyon have a mighty urge to leap overboard. Others, standing there, think how fortunate that nature has done the excavation work and want to build a skyscraper. Thank Heavens, the great majority of American business men, instead of wanting to commit economic suicide, are planning to build a stronger, healthier and happier nation for freedom-loving men.

They see the 3,500 or more plants which have been financed and built by Government as an opportunity for our economic system. They are thinking of these new and modern buildings and what can be made in them as a way to launch new products speedily. They are thinking of the more efficient machinery and how that will help to reduce costs. They are thinking of the opportunity to increase production and expand their markets and sales.

And those thoughts mean jobs in the post-war days. They mean payrolls and purchasing power. They mean prosperity and plenty instead of another depression and state capitalism. They mean employing our selling way of life to solve our economic and social problems. They are the road-maps to a real land of milk and honey in post-war days.

Recently I was talking with a group of businessmen in Newark about post-war planning, in connection with my activity as regional chairman of the Committee for Economic Development. One gentleman got up and said he had read a lot of pamphlets and listened to a lot of speeches and he had come to the conclusion that post-war planning was just a lot of bunk.

I found out that what he really meant was that a lot of bunk was being called post-war planning. I think it is time to debunk some of the fancy stuff that has been called post-war planning. If we do that I believe that we will see the opportunities ahead more clearly and understand how to meet them. The whole situation has been beclouded by the vaporizing of some people who seem to think that when the last shot is fired the curtain will automatically rise on a better world, that customers can be picked off the trees like ripe apples and that if we can produce a national income of 135 billion dollars or more everyone will get a great big juicy slice of the pie—a sort of painless, effortless, share-the-wealth Utopia.

That last shot will only end the war—it won't end the world we have known. People will still be people. They will be no purer, no meaner, no wiser, no sillier than they were yesterday. Human nature changes very, very slowly. And it is people that make the world in which we live. It is people that work and save, that buy and sell, that are the employes and the customers of business and industry.

It will still be human nature for boy to meet girl. Women will keep on having the babies. Men will put on their pants—as they always have—one leg at a time.

Fundamentals don't change. Business will be entirely a matter of an incentive to buy as well as to sell. A dollar will go only so far, whether it is pre-war or post-war. Everyone will want a fairer share of the fruits of our American civilization. And only those who earn it will get it. Men will work harder and be more productive for a big pay envelope to take home on Saturday nights than for all the promises of security. Jobs will be more important than doles. Women will want labor saving devices and their husbands will find ways to get them.

But there is one thing that will be different. Competition will be different. Competition will be tougher. There will be more of it, both within each industry and for the consumer dollar. Competition in peacetime will be the most vital, aggressive force you can imagine.

There not only will be the competition from those who plan to utilize the new plant capacity, there will be competition from the new products that this war has speeded to reality and there will be competition from every firm that wants to continue to stay in business. The consumer dollar will be the most sought after thing in this world.

I know of one rather prosperous company that has been in business for 100 years. It has been a family business. It has grown slowly. It sold its products in a field where there wasn't much competition and no one aggressively tried to increase the market. That company is now planning for the next 100 years. And I can tell you its plans are entirely different. It isn't going to be isolationist in business any longer. And it isn't going to be complacent about selling. The owners have concluded that the firm can't live another 10 years unless it does a real selling job. And to make certain that complacency is dead in that company the family has decided to take the public into partnership through sale of stock.

There is another company that became rather prosperous making shoes. No one in that company could tell you who wore their shoes. They just made them. Someone must buy them at the other end because they continued to disappear. They have been good shoes, obviously. But the idea that the company should know something about the customers, about what peope want, what they want to pay for shoes, how long they expect them to last, has just crystallized in that firm. Now they are getting their market research program underway and in the days ahead they are going to sell the people of this country a lot more of their shoes.

The Research Department of my company recently completed a survey behind the scenes of American business. It is a survey of the post-war planning done by 350 of the largest companies in 22 major groups of industry. We found that airplane companies plan to make cameras, optical equipment, farm implements, household appliances and building material as their way of helping to dive-bomb another depression. And airplane and Diesel engines for airpower will be made by machinery and equipment companies, while firms which have made tires will turn out light-metal items and household furnishing suppliers will expand into boats and prefabricated houses.

It sounds like a topsy-turvy world ahead. It's going to be a world of competition, and competition is the essence of free enterprise. Competition is the yeast in our daily bread of progress. This new competition means that the bars are coming down and the sky is the limit. The sacred cows are dead.

That is the way that American industry is accepting the challenge of the future. Business is tackling the post-war job in the same all-out way that it tackled the war production job. And it can succeed as gloriously.

The handwriting is on the wall—those who survive in the post-war world will deserve to live and grow and prosper because they will have done the necessary, sound sales-planning job and then carried it through. They will have fully understood that we can produce all that we can sell. The record of war production proves that. Our bottleneck of tomorrow is our sales ability. We can break it only with realizing the importance of marketing and merchandising and by packing into our selling the dynamite that will blow open the flood-gates.

Here, in the auto capital of the world, you know the social significance of salesmanship. The auto industry took an invention that once was called the plaything of the rich and made it a national economic necessity. Salesmanship did that. Salesmanship and a constantly improved product pushed up production of passenger cars from a few thousand a year to a peak of 4,600,000.

You in Detroit have taught the world a lesson in selling—a lesson which all American business men must learn for a successful post-war economy. Just as after the first World War, when the auto industry, by aggressive selling, licked a depression and lifted America to new heights of prosperity, Detroit and the auto industry will have another opportunity when this war ends to show how to make dynamic selling the servant of all America — the saviour of our way of life.

Every company faces the tremendous job of rebuilding markets when peace comes. Markets are intangible, but they are as important as plants and machinery. Like plants and machinery, you get them only by planning for them and spending money to build them.

I imagine that someone may be thinking that with national income at 135 billion dollars or more, we won't have to worry much about markets. There is only one way to get a national income of 135 billion dollars. That way is by selling, selling and more selling. National income doesn't grow on trees. It grows on salesmen's order books. You don't have sales because you have national income—you have national income because you have sales. National income is the measuring rod of our sales effort. It can be high, as it must be if we are going to escape depression—or it can be low, as in the years of the '30s, when selling was our idle opportunity—but high or low, national income is simply the figure that selling effort rings up on the American cash register.

Some people think that with a backlog of about 100 billion dollars of savings, or purchasing power, and tremendous unfilled wants and needs, that there is going to be a bountiful crop of orders to share when peace comes. Such thinking is complacency of the kind that needlessly prolonged the last depression. It is far more dangerous now. That is the fallacy of believing that purchasing power and markets are the same thing. Does a good salesman count a bright prospect as an order in the bag? Purchasing power is just a prospect. A salesman who fails to turn prospects into contracts is courting disaster.

If business looks at purchasing power and figures it is orders on the books it will be disastrous. Good intentions not implemented can pave the road to more want amidst plenty. And that kind of a road can lead right straight to state capitalism this time. Certainly there will be no delaying with further pump priming experiments. Pump priming, you remember, was a theory of getting purchasing power into the hands of the public. With a backlog of one hundred billion dollars the public obviously won't need purchasing power or pump priming. They will need jobs. And if it is left up to the government to provide some form of relief, the pattern the next time, well may be productive employment in the plants built with 16 billion dollars of the people's money. The temptation may be too great for any administration to resist if the necessity for relief in some form arises, because the selling job is inadequate to turn purchasing power into markets and jobs and payrolls.

It is pleasant to dream that in the post-war world all we will have to do is turn a crank, producing goods, and that the buyers, somewhat as the Assyrians "will come down like the wolf on the fold, their pockets gleaming with silver and gold," to paraphrase Lord Byron. But it isn't being realistic. Those who think they can succeed tomorrow without aggressive selling are living in a never-never land.

Purchasing power is a static thing. To be complacent about purchasing power is like assuming that there is electricity because there are wires. It doesn't mean anything in either case until someone throws the switch. When selling throws the switch and turns purchasing power into markets the engine of our economy runs. Markets alone are dynamic. They are created, they grow and they die.

"Markets After the War" the study made by the United States Department of Commerce, discussing purchasing power says "Granting that human wants are inexhaustible there is also inertia to change."

In this study the department says, "Even before the war there were notorious examples of consumer groups who showed a distressing preference for part-time employment rather than the more adequate food, clothing and housing which could be bought with a full pay envelope.

"This is a challenge to business enterprise. Can the whole gamut of goods and services be made so attractive and can they be sold so effectively that the consumer will be willing to work about the same number of hours as in 1940 (an average of 28.1 per week in manufacturing) to obtain them? This calls for better market analysis, more sales research, more imagination and ingenuity in developing new products or new markets for old ones, more strenuous efforts to improve promotion and distribution."

Do you think the public is just waiting for a chance to go on a wild spending spree? The "Wall Street Journal" three months ago, discussing a WPB survey of the need for civilian goods, said that Washington was surprised by the few complaints about shortages and particularly by the disinterest shown by these citizens who were questioned as to whether they wanted new washers, ironers, radios and other consumer goods.

Incidentally, that is a great testimonial for the importance of advertising in our national economy. It is a case history of what happens to wants and desires when they are not constantly stimulated through advertising and selling. It is evidence that there was an idle opportunity in the depression years of the '30s, when we had idle plants, idle money and idle men. Then we had the opportunity to sell more aggressively and create additional wants and desires, which in turn would have increased productivity, employment and payrolls. But in the '30s we did not open the door to the knock of that opportunity. Tomorrow must be different. Let me emphasize that this WPB survey is likewise an illustration of the problem and opportunity that the post-war days present to every manufacturer and distributor of goods.

Optimism that the public will spend without selling effort, even with money jingling in its pockets, got a jolt last Christmas time. The stores were offering toy wagons with wooden wheels, some synthetic goods and some merchandise at pretty high prices. What happened? Did people trample over each other getting to the counters? Did they go on a spending binge, regardless of price and quality? Supplies were short, but there were plenty left over. People still want their money's worth. Human nature doesn't change very rapidly.

In these days the American people are getting lessons in thrift and conservation which may stay with them a long time. Keeping up with the Joneses has lost a lot of its glamour.

A great many peple have accumulated a money reserve for the first time in their lives in this era of high wages and liberal overtime. If you thought another depression was around the corner would you hurry out to spend your savings when the gong of buying opportunity sounds? Isn't it more logical to expect that many will want to live out of income and keep the backlog?

We have had a lot of surveys showing that the public planned to buy millions of automobiles and other millions of washers and ironers and other modern conveniences when the war is over. They have been worthwihle surveys. But what about the remainder of the American public?

The National Planning Association found that 55% of the people questioned have no plans for important post-war purchases. Only 11% said they would go out and spend right away and 73% said they would save for a while. This was a survey among people who have a backlog—who could spend if they wanted to. It was made among owners of war bonds.

That need not be frightening. It is not necessarily pessimistic. It doesn't foretell that we will be hell-bent for another depression as soon as the war is over. It simply means that at the moment 55% of the people do not have an incentive to buy. It is a challenge. It is an opportunity for those who must do the necessary selling job, creating the necessary desires for things we can produce. It is a challenge for selling to be so compelling that people will be more productive and thereby lick another depression in a real American way. Whether we meet the challenge is up to each and every business man in America to be more aggressive than ever before in his life. We can throw the switch that turns purchasing power into the dynamic force of markets and orders on the books, jobs in the plants and payrolls on Saturday nights.

The new products that are now in the laboratories, speeded to reality by the necessities of this war, will face some of the same inertia as the early automobile and telephone. The desire for them will have to be created. They will have to be sold to the American people, in most instances. And sold against the products which have created buying patterns. The survey made by our research department shows that 58% of the major industries in America are planning to come on the market, after the war, with new products. It will take a year or more, in many cases, to get them into production. That will be a period for creating appetites. These new products have the potential of creating jobs only as they create new markets. If they simply switch demand from one product to another they will fail to promote very much economic progress.

Our problem of tomorrow is jobs, yes. But the problem of jobs is the problem of marketing with advertising and selling. One good salesman can provide more jobs, with his order book, than all of those post-war planners who simply dream of a better world. Selling has built America into a mighty nation from a thin strip of civilization along the Atlantic Coast in 1790, when, perhaps, 95% of the people were ill-fed, ill-clothed and ill-housed, by present day standards.

It is because, in America, the incentive to buy has been made as strong as the incentive to sell that we have outdistanced those lands which have greater natural resources, larger populations, the time advantage of older civilization or other favorable positions.

By developing the incentive to buy still further, making it stronger and more dynamic than it ever has been before in our national life, we can bring into reality the better world, a dramatic, satisfying post-war world. That is the opportunity which lies ahead.

And I can tell you that in the offices of many of America's factories, stores and service establistments definite plans already have been made and are being made to take full advantage of the opportunity of tomorrow. You will see evidences of many of those plans on the balance sheets in the annual reports which now are being issued. I saw one the other day of a packer who had set aside $2,000,000 and labeled it as "post-war reserve." You will find evidences in many other statements which represent plans to rebuild distribution, to reconstruct markets, to do a more aggressive and constructive advertising and selling job than was ever contemplated before.

There is one manufacturer who has a complete layout of ads, merchandising tie-ups, sales promotion and dealer programs all wrapped up and ready for the day when the big gong sounds announcing the go-ahead. Another has gone so far as to get his ads in the hands of publications so they can be run on signal as soon as the war ends. This does not indicate the wishful thinking that the war is going to end tomorrow. It indicates preparedness and an aliveness to the intense competition that is ahead for everyone in American industry.

These instances illustrate one thing that is especially important. It is that post-war planning is not something new. Businessmen have been planning ahead all their lives. Planning is the very essence of American management. Post-war planning is just good old-fashioned business planning applied to a particular period. That period calls for more aggressive planning than ever before. We shall succeed with the vision which sees sales opportunities, chances for market expansion, better distribution methods, and needs for new products where they have been undeveloped before.

That is all there is to it. And that, gentlemen, is all there is to licking a post-war depression. It is all there is to most of the problems of the post-war world. If we do the selling job there will be employment and payrolls. If we do the selling job there easily can be a national income of 135 billion or more. If we do a selling job we will have the cooperative aid and encouragement of Congress and of Agriculture and Labor towards the removal of any handicaps which stand between the American people and prosperity. Worries about our gigantic national debt and about the high level of taxation and about the threat of State capitalism can be swept away with such encouragement and with orders on the books of American industry and customers at the counters of American stores.

We can do it if every businessman does his duty, by himself and by his country, while there still is opportunity knocking. We have nothing to fear, as President Roosevelt one said, but fear itself.

"Rule" And Ruin

(Continued from page 1091)

playing Jehovah? We daresay, by and large, security dealers were a law-abiding group long before the NASD came to life.

> "To adopt, administer and enforce rules of fair practice and rules to prevent fraudulent and manipulative acts and practices, and in general to promote just and equitable principles of trade for the protection of investors;"

How about the equitable principles of trade for the protection of the brokers and dealers, the fellows who pay the fees, the dues and the assessments which make the operation of NASD possible? What about the papa of the NASD, the SEC; hasn't it surfeited the market with so-called "equitable principles of trade for the protection of investors"? Can the NASD, in any sense pretend to be a trade organization? Is the illegal adoption of the "5% spread philosophy" any protection to either investors, brokers or dealers? If that philosophy is permitted to stand, is any American industry safe from the undemocratic principle of ceiling spreads?

Is it a protective principle of trade for an association to lay down a rule governing the all-important trials of its Business Conduct Committees, and then, for the purpose of avoiding review by the SEC, to claim it is merely an interpretation? Does this type of evasion demonstrate sincerity in the performance of duty on the part of a policing agency? We contend, if anything, it shows inexcusable opportunism of a political nature.

Under the present setup, the powers given by the Maloney Act, and those supplied by the NASD constitution and by-laws, the Business Conduct Committees hold the very commercial lives of NASD membership in the palms of their hands. The men composing these committees probably know the trade practices and customs of the security field, but what do they know of the duties of trial judges? Have they ever studied the laws and rules of evidence? Each person tried is a defendant. Do they advise him of his legal rights; for example, the right to be represented by counsel? Is it true, as reported, that defendants are led to believe, they are amongst friends, and it is not necessary to make a legal matter of the hearings? Then the Business Conduct Committees proceed to apply the axe.

Much has been said about governmental administrative agencies which act in a tertiary capacity; (1) they are the investigators; (2) they are the prosecutors; and (3) they are the trial judges. This has been pointed to as a great evil, and numerous bar associations throughout our country are weighing this subject in response to a determined public demand. Well, the NASD acts in all these capacities and is not above a wee bit of entrapment on the side.

In the old days when it was illegal for an Indian to have a drink, many of them were enticed to bars, and then arrested. The NASD survey out of which the "5% spread" arose smacks of this.

There is a forthright way of doing what the National Association of Securities Dealers attempted. After all, the contemplated "5% spread" was altogether revolutionary and would affect the very continuance in business of a considerable portion of the dealers in securities. As we see it, the entire membership should have been apprised of what was intended, and its authority sought to make the survey. If such authority were granted, every security dealer in the country, whether he was a member or not, should have been invited to fill out the questionnaire. This would have resulted in more complete data. After this had been authorized and done, then the total membership should have been given the opportunity to vote on the adoption of any rule based on NASD findings.

There is rightful rebellion in the ranks. NASD members are realizing that they are the suckers who have been paying for a policing job which threatens partial extermination. Where they expected sympathy, understanding and cooperation, they are hoisting their own halters. Of this they will have no more.

Security dealers both in and out of the organization, are unrelentingly determined to kill the "5% spread rule." Illegally invoked, hypocritically interpreted, the death knell of this monster is in the offing. Its parent is also in considerable jeopardy for there is talk of testing the constitutionality of the Maloney Act.

Attractive Situation

Empire Sheet and Tin Plate Company offers attractive possibilities according to a detailed memorandum being distributed by Hill, Thompson & Co., Inc., 120 Broadway, New York City. Copies of this interesting memorandum may be had upon request from Hill, Thompson & Co., Inc.

DIVIDEND NOTICES

Dividend Notice of
THE ARUNDEL CORPORATION,
Baltimore, Md.

March 14, 1944.

The Board of Directors of the Arundel Corporation has this day declared 25 cents per share as the regular quarterly dividend on the no par value stock of the corporation issued and outstanding, payable on and after April 1, 1944, to the stockholders of record on the corporation's books at the close of business March 20, 1944.

JOSEPH N. SEIFERT, Secretary.

LOEW'S INCORPORATED
"THEATRES EVERYWHERE"

March 9, 1944

THE Board of Directors on March 8th, 1944 declared a dividend at the rate of 50c per share on the outstanding Common Stock of this Company, payable on the 31st day of March, 1944 to stockholders of record at the close of business on the 23rd day of March, 1944. Checks will be mailed.

DAVID BERNSTEIN,
Vice President & Treasurer

UNITED FRUIT COMPANY

Dividend No. 179

A dividend of seventy-five cents per share on the capital stock of this Company has been declared payable April 15, 1944 to stockholders of record at the close of business March 23, 1944.

LIONEL W. UDELL, *Treasurer.*

UNDERWOOD ELLIOTT FISHER COMPANY

The Board of Directors at a meeting held March 9, 1944, declared a dividend for the first quarter of the year 1944 of 50c a share on the common stock of Underwood Elliott Fisher Company, payable March 31, 1944, to stockholders of record at the close of business March 20, 1944. Transfer books will not be closed.

C. S. DUNCAN, Treasurer

United Shoe Machinery Corporation

The Directors of this Corporation have declared a dividend of 37½c per share on the Preferred capital stock. They have also declared a dividend of 62½c per share on the Common capital stock. The dividends on both Preferred and Common stock are payable April 5, 1944, to stockholders of record at the close of business March 14, 1944.

WALLACE M. KEMP, *Treasurer*

THE YALE & TOWNE MFG. CO.

On March 10, 1944, a dividend No. 216 of fifteen cents (15c) per share was declared by the Board of Directors out of past earnings, payable April 1, 1944, to stockholders of record at the close of business March 20, 1944.

F. DUNNING,
Secretary

Situations Attractive

Eastern Corporation common and warrants, Muskogee Company common and preferred, and American Cities Power & Light $2.75 and $3.00 preferred offer attractive possibilities, according to memoranda prepared by Buckley Bros., 1529 Walnut St., Philadelphia, Pa., members of the New York and Philadelphia Stock Exchanges. Copies of these memoranda may be obtained from the firm upon request.

Du Mont Lab. Attractive

The current situation in Du Mont Laboratories offers attractive possibilities according to a memorandum issued by J. F. Reilly & Co., 111 Broadway, New York City. Copies of this interesting memorandum may be had from the firm upon request.

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America Unafraid

(Continued from page 1090)

cial fear. The fear of vast forces of production and of vast millions of trained human beings released after the war; the fear of Jim Crowism and anti-semitism, of the chaos latent in anti-racial and anti-religious hatreds. Even the fear that our returning veterans may be seduced by some Huey Long and used to promote these hatreds and cleavages.

Mr. DeVoto asks that we acknowledge the facts that have begotten these fears, drag them into the open and face them.

What are the facts? Why are we afraid of the future?

There are probably many reasons.

But I should place first among them the loss in the past decade of our self-reliance.

Frightened by the panic of 1929 and discouraged by the depression that followed, as a people we turned to Government for help. For eleven years—half a generation—instead of leading us to the solution of our own problems, Government has paternalistically tried to solve our problems for us. At first, scared and humbled by contemplation of the mess we had made of things, we drank in assurance, and submitted gratefully to any demands made upon us.

It was Government's theory in the '30's that the cause of our trouble stemmed from the reckless 20's when, it contended, our productive capacity, industrial as well as agricultural, had been allowed to expand far beyond our needs. Therefore, it argued, restriction of industrial production, limitation of farm crops, and reduction of livestock would furnish the answer to declining prices which, it maintained, had been created by the excess. At the same time, it accepted the governmental principle of the '20's that if the United States were locked up and a nationalistic economic policy pursued, we could all somehow live in prosperity through the simple process of taking in each other's washings. But it made a novel addition to that principle: the washings must be kept small. And like Government of the '20s it didn't feel that what happened to the economies of other countries was of any great importance to ours.

As a people we accepted the theory of a nationalistic economy without much question, only a few realizing that that produced limited markets. But a policy of government-made, domestic scarcity offended our traditional beliefs and seemed contrary not only to nature but to reason. However, since by the use of the extraordinary powers we gave it, the Government seemed to have taken us through the bank crisis successfully, and since we still remembered with horror the desperate days of '29 to '32, we doubted our own judgment and felt that Government should have a chance to try out its ideas.

Government also claimed that it could redistribute the possessions of the country in such a manner that all would be cared for and all but the purely greedy would be happy. That sounded good. We encouraged it to try.

We were ready to admit that in some ways we had abused our freedom and used it to harm our neighbors. And so we listened sympathetically to the claim that Government regulation of some of our activities would increase the general well-being. In voluntarily submitting to such regulation we somehow found our lives subject to minute controls of various sorts. We hadn't expected this. But perhaps it was necessary.

Certainly it was plain that we had to delegate power to the Federal Government if it was to take over the burden of our problems. And perhaps there was something in the Government's argument that it could better regulate our affairs if its representatives had discretionary powers that would give them greater flexibility of operation. Sometimes, though, the discretion demanded seemed pretty wide ranging and the use made of it alarmingly arbitrary.

We found it hard at times to reconcile Government's methods with some of our cherished and time-honored concepts. We had always believed in government by law—the system which men in English speaking countries had struggled for centuries to obtain. Under that system a man's rights were defined and so long as he stayed within them, he could be both independent and safe. But Government, in experimenting for our welfare, set up a system under which the rules were being constantly changed—sometimes right in the middle of the game—and no man knew just what were his rights or responsibilities.

It seemed to be true, too, though this was at first hard to believe, that representatives of the Government favored certain groups among us and had it in for others. Also they seemed actually to stimulate disputes between various groups in order that the Government might be able the more easily to manipulate them for what it considered the greater social advantage. These things worried us for we had always believed it the obligation of Government to represent all groups and classes of citizens and, so far as possible, to bring about harmony among them.

Part of the Government's plan for solving our problems was to spend money from the Federal Treasury, widely and steadily. This was on the theory of pump priming. And we watched anxiously for results. But the pumps had to be primed again and again in order to keep any water flowing.

And although the process did take care of some of those out of work, it didn't produce any solution of the growing problem of unemployment.

It gradually became plain to us that there was a constantly widening expanse between Government intake and Government outgo. But radio speeches filled our homes, reassuring us and almost making us believe that by some arithmetical legerdemain the more extravagant the expenditures the further off would be the day of accounting. If anyone showed alarm at Government's financial juggling, he was called reactionary.

As the years went on the myth of an all-wise, benevolent Government was carefully cultivated. Somehow the most ordinary citizen, transposed from the streets of Concord, New Hampshire, to Washington, was transformed into a person of extraordinary endowments, rare foresight and unexpected gifts, particularly if he had never gone through the chastening experience of running in an election.

Of course, he always needed more power than that granted him originally, in order to function properly.

Power in fact was the Government's answer to everything. If it failed to solve the problems its citizens so trustingly gave it, the reason was simple: it hadn't had enough power. Each new grant of power demanded another. And year after year we voted that power.

But as the years passed doubts of the ability of Government to solve our problems for us were becoming convictions. For the unemployment lists remained long, alarmingly long; the Federal deficit was increasing, the national debt was becoming frighteningly large; our economic and social life had not found either peace or plenty. We were torn by bitter and warring groups; our rights and liberties were being impinged upon to a point that began to seem unnecessary and unendurable. The bright boys taken to Washington from the home towns began to lose their glamour and to look as we remembered them, quite ordinary—in fact in some cases, a little tawdry, and in all cases, avid for power.

And we began to see that over-centralized control, planned scarcity and purely nationalistic economic policies, which had been Government's recipe for solving our problems, were not only failing to revive our own economy, but were in part the cause of the economic decline of the European democracies just at the very time that they needed strength to resist the growing forces of totalitarianism.

Then the war came and all problems were swallowed up by that great problem. In the full use of our energies for a great purpose and in the unity that grew out of that effort, temporarily we found release from what in comparison seemed the minor worries concerning our domestic policies of the past decade.

But with the spectacular Russian victories on the eastern front, the successive allied victories in Africa and the South Pacific, and with the mobilization of allied strength for the invasion of Europe, despite our consciousness of the tragedies and sacrifices still ahead (and personally, I am afraid we have not yet realized how great those sacrifices will be), in spite of that consciousness, we are beginning to visualize the days when the war will be over. And in our hearts, remembering our own failures in the '20's and our Government's failure to solve our problems in the '30's, we almost fear to face those coming days of peace.

The nation that has become the arsenal of democracy, the production wonder of the world, hesitates and doubts its own capacity. Some men, remembering nostalgically and with rose colored glasses what they now think of as the expansive, free and uncontrolled days before the first World War, are saying that the solution of our problems lies in releasing our economic life from *any* regulation and in returning to the states practically all the administrative functions of the Federal Government. Men of this school of thinking also believe that the American economy is adequate in itself to produce a high standard of well-being in the United States and that America's strength is sufficient even in a modern world to secure her safety and make cooperation with other nations, except in pious platitudes, unnecessary.

There is another school of thinking, to which the present administration apparently belongs, that would give to the Federal Government even greater control, minute and detailed power of direction over our economic and social life. And this school finds the solution of our relationships with other countries not in using our power to advance our democratic ideals or in the establishment of workable instrumentalities for cooperation among the nations but in the muddy game of international politics.

There are some of us, however, who believe that neither of these attitudes represents a solution. For we know that in a complex modern industrial life the Federal Government, operating by law, not by caprice, must exercise regulatory authority to insure the freedom of our citizens. By the same token we know that Governmental problems which in their nature are not national in scope are best administered when administered locally. We know that large discretionary and arbitrary powers granted to any Government, either national or local, are corrupting to those who possess them and hazardous to the fundamental rights of the citizen. We know that the real hope of social advance lies not in deficit spending or in an economy of scarcity but in an ever-expanding economy; that the route to such an economy lies not with the Government but with the initiative and self-reliance and the character of our individual citizens. We also know that even these qualities, so preeminently American, can find a fruitful field for operation only in the unlocking of America's economic doors, only in the abandonment of narrow nationalistic policies, only in a world of peace secured by real and tangible cooperation among the nations.

America afraid?

Not if we have the courage to face the facts.

We have never lacked energy. If now we have the insight to recognize our own strength, the imagination to encompass the possibilities of the future and the moral strength and foresight to pursue the policies necessary to the realization of those possibilities; if we have the intelligence to forget both the roaring '20's and the enfeebling '30's, we can make the days ahead the greatest we have ever known.

Attractive Situation

Capital stock of Pollak Manufacturing offers interesting possibilities, according to a detailed discussion of the situation prepared by Raymond & Co., 148 State Street, Boston, Mass. Copies of this study may be had upon request from Raymond & Co.

Tomorrow's Markets Walter Whyte Says——

(Continued from page 1096)

either bought stock themselves or advised others to do so.

* * *

Buying stocks when they're in disfavor is one thing. Buying them because some predetermined level has been penetrated is another thing. In the first case, the buying is usually sound, or at least not influenced by psychological factors. In the second case, the buying is almost completely dominated by the spirit of the mob. The desire, or the fear of being left off the band wagon, is an overwhelming influence.

* * *

Last Friday's, Saturday's, Monday's and part of Tuesday's market was given over almost entirely to psychological buying. It was particularly true of Monday's and early Tuesday's transactions. In some places this new buying is explained as relief at the passing, or, rather, the approach, of March 15 and its tax day. But whatever the reason, the fact remains that the market did go up and take offerings which were overhanging for many a long week. The problem now arises, what of the market from here on.

* * *

The first sign of what to expect was given in Tuesday's afternoon trading. Here and there a couple of stocks slipped down without any apparent effect on the rest of the list. But this side-slip in the face of rosy-hued optimism cannot be shrugged off as unimportant. For it indicates that the market is reaching, or has already reached, a level of surfeitedness. I subsequently feel that we are now headed for one of two things. First, a sudden setback to about 137-138 or, failing that, a period of dullness during which stocks will sag to levels anywhere from five to seven points. Latter stage may take anywhere from a few weeks to a few months to run its course.

* * *

Summing up, it means that this is no longer the time to think of buying. It is the stage at which some selling should begin. So far as readers of this column are concerned, the only stock they hold is American Steel Founders, bought at 25 and now about 27½. It will be remembered that in the column of March 2 advice appeared that between 27 and 28 stock would run into offerings and profits were to be taken. Where these were unacceptable, a stop of 24 should be adhered to. If you still hold the stock, I suggest raising the stop to 25.

* * *

During the past few weeks I have recommended a number of stocks at specific prices. A few times we almost got them but never did one of these sell low enough for confirmation. I now suggest that all unfilled buying orders be cancelled until further advice. I expect to furnish you with a new list as soon as other signals I'm looking for materialize.

More next Thursday.

—Walter Whyte

[*The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.*]

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Calendar Of New Security Flotations

OFFERINGS

FRUEHAUF TRAILER CO.

Fruehauf Trailer Co. has filed a registration statement for 60,000 shares of 4½% convertible preferred stock, par value $100 per share.

Address—10940 Harper Avenue, Detroit, Mich.

Business—Company is the largest manufacturer of truck-trailers in the United States.

Underwriting—Lehman Brothers, N. Y., and Watling, Lerchen & Co., Detroit, head the underwriters, with names of others to be supplied by amendment.

Offering—Price to public to be supplied by amendment.

Proceeds—From the estimated net proceeds approximately $3,428,712 will be used to redeem at $107.50 per share all of the outstanding 5% convertible preferred stock of the company within 70 days after receipt by it of the proceeds from the sale of the new issue of preferred stock. The balance of proceeds will be added to working capital.

Registration Statement No. 2-5312. Form S-1. (3-4-44).

Offered March 16, 1944, by Lehman Bros. and Watling, Lerchen & Co., and Associates, at $103 per share.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing (unless accelerated at the discretion of the SEC), except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930 (b).

Offerings will rarely be made before the day following.

THURSDAY, MARCH 16

STATE BOND AND MORTGAGE CO.

State Bond and Mortgage Co. has registered accumulative savings certificates Series 1207-A $1,000,000, and accumulative savings certificates Series 1217-A $4,000,000.

Address—26½ North Minnesota Street, New Ulm, Minn.

Business — Since its incorporation in 1914, the company has been actively and continuously engaged in the business of issuing and selling face amount certificates. Investment company.

Underwriting—Will be sold by the company's own sales organization.

Offering—Offering price of Series 1207-A is 94.03 to 96.60 and of Series 1217-A 83.30 to 85.68.

Proceeds—For investment.

Registration Statement No. 2-5310. Form A-2. (2-26-44).

Amendment filed March 13, 1944 to defer effective date.

WEDNESDAY, MARCH 22

UNIVERSAL PICTURES CO., INC.

Universal Pictures Co., Inc., filed a registration statement for $7,500,000 3¾% sinking fund debentures, due March 1, 1959.

Address—1250 Sixth Avenue, New York City, and Universal City, Cal.

Business—Engaged in the production of motion pictures.

Underwriting—Dillon, Read & Co., head the group of underwriters. Names of others will be supplied by amendment.

Offering—Price to the public will be supplied by amendment.

Proceeds—Net proceeds will be applied to the prepayment, on or about March 18, 1944, of $5,035,000 principal amount of secured notes outstanding and to the redemption at 102 on or about April 18, 1944, of $1,983,000 face amount of the company's ten-year 5% convertible debentures, due April 1, 1950. Any remainder of net proceeds will be added to the general funds of the company.

Registration Statement No. 2-5311. Form A-2. (3-3-44).

SATURDAY, MARCH 25

WASHINGTON NATIONAL INSURANCE CO.

Savings and Profit Sharing Pension Fund of Washington National Insurance Company Employes has filed a registration statement for $500,000 being estimated amount of employees contributions during the three years' period following March 28, 1944.

Address—610 Church Street, Evanston, Ill.

Business—Retirement plan for employees of company.

Underwriting—No underwriter.

Offering—Under operating fund for employees the offering consists of participations in the savings and profit sharing pension fund of Washington National Insurance Co. employees. Participating employees must contribute 5% of compensation but in no case more than 5% or more than $250 per year.

Proceeds—For investment.

Registration Statement No. 2-5313. Form C-1. (3-6-44).

COMMONWEALTH INVESTMENT CO.

Commonwealth Investment Co. has registered 100,000 shares of capital stock, $1 par value.

Address—2500 Russ Building, San Francisco, Cal.

Business—Diversified open-end, management investment company.

Underwriting—North American Securities Co.

Offering—At market.

Proceeds—For investment.

Registration Statement No. 2-5314. Form S-5. (3-6-44).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

CERTAIN-TEED PRODUCTS CORPORATION

Certain-teed Products Corporation has filed a registration statement for $6,737,300 4% cumulative income debentures (subordinated) to be due Oct. 31, 1973; 134,746 shares of common stock, $1 par value, and certificates of deposit for 67,373 shares of 6% cumulative prior preference stock.

Address—120 South LaSalle Street, Chicago, Ill.

Business—Business consists generally of manufacturing and selling asphalt roofing, shingles and related products, wallboard and gypsum products, boxboard and various other products.

Underwriting—Paul H. Davis & Co., Chicago, is named principal underwriter. or dealer manager and company will pay to selected dealers a commission for the deposit of shares of preference stock pursuant to an offer of exchange.

Offering—The company offers to the holders of the outstanding 67,373 shares of its 6% cumulative prior preference stock the right to exchange such shares for the new income debentures and shares of common stock on the basis of $100 principal amount of income debentures and two shares of common stock for each share of 6% cumulative prior preference stock. The registration statement states that the company proposes, under certain conditions, to issue to the holders of the 625,340 shares of common stock presently outstanding, common stock purchase warrants entitling the holders in the aggregate to purchase, at a price to be announced later, 208,446 additional shares of common, and to issue and sell such shares of common stock not taken up by the warrant holders. The company also proposes, under certain conditions, to issue and sell $5,500,000 principal amount of new serior debentures and to apply the proceeds of the sale of the new senior debentures, together with other funds, to the redemption of the outstanding debentures. There are $7,100,000 face amount of 20-year 5½% sinking fund gold debentures, Series A, due March 1, 1948, now outstanding. The interest rate of the new senior debentures has not been finally determined, but will not exceed 4½% per annum. The income debentures will be subordinated to the new serior debentures and to other indebtedness of the company. The company reserves the right to revoke the offer of exchange unless within a certain date holders of not less than 57,250 shares of the preference stock accept the offer. The proposal to issue common stock purchase warrants to present common stockholders and the procurement of a commitment for the purchase of any common stock not subscribed for by common stockholders and the issue and sale of the new senior debentures is contingent upon the exchange offer being declared effective by the company.

Proceeds—The proceeds to the company of the income debentures and shares of common stock offered will consist of shares of the preference stock exchanged and all such shares of preference stock will be retired and the capital of the company will be reduced by the sum of $100 for each share retired. For each share of common issued pursuant to offer, the sum of $1 will be deducted from capital surplus account and credited to capital account represented by such share.

Registration Statement No. 2-5241. Form S-1. (10-27-43).

Registration statement effective 4 p.m. EWT on March 10, 1944 as of 5:30 p.m. Dec. 15, 1943.

DIANA STORES CORP.

Diana Stores Corp. has registered 80,000 shares of common stock, par value $1 per share.

Address—519 Eighth Avenue, New York City.

Business—Operates a chain of 26 retail stores in six southeastern states in which it sells women's and misses' popular priced wearing apparel, coats, suits, lingerie, hosiery, hangbags, etc.

Underwriting—Van Alstyne, Noel & Co., New York, are named principal underwriter. Other names will be supplied by amendment.

Offering—Price to the public is $7 per share, with net cash proceeds to the company of $480,800 exclusive of a total of $2,000 to be received by the company from the proceeds of the sale to the underwriters at ten cents per warrant share, of warrants entitling the holders to purchase at $7 per share an aggregate of 20,000 shares of common stock.

Proceeds—Will be added to the working capital of the company and be available for general corporate purposes, especially the opening of additional stores.

Registration Statement No. 2-5300. Form S-2. (2-3-44).

Amendment filed March 7, 1944, to defer effective date.

HART, SCHAFFNER & MARX

Hart, Schaffner & Marx has filed a registration statement with the Securities and Exchange Commission for 120,000 shares of common stock, par value $10 per share. Of shares registered a number to be later specified, all issued and outstanding, are to be sold for certain stockholders.

Address—36 South Franklin Street, Chicago 6, Ill.

Business—Consists principally of the manufacture and sale at wholesale of the better grades of men's suits overcoats and topcoats, including, in recent years, military uniforms, and, to a small extent, women's suits and coats.

Underwriting—Blyth & Co., Inc., heads the group of underwriters, the names of others to be filed by amendment.

Offering — The presently outstanding common stock is to be changed from $20 par value to $10 par value and 2½ shares of new stock issued for each present share, which will increase outstanding common stock from 142,313 shares to 355,782½ shares. A portion of the new shares are to be acquired by the underwriters from certain stockholders and offered to the public at a price to be set by amendment. The shares being sold are a portion of the holdings of certain members of the Hart, Schaffner and Marx families principally.

Proceeds—The proceeds from sale of the stock go to the selling stockholders. Price to selling stockholders is to be named by amendment.

Registration Statement No. 2-5309. Form A-2. (2-25-44).

Hart, Schaffner & Marx March 13 filed an amendment to its registration statement correcting the amount of stock to be offered to 120,500 shares and naming the underwriters who will be Blyth & Co., Inc.; A. G. Becker & Co., Inc.; Merrill Lynch, Pierce, Fenner & Beane; Central Republic Co. (Inc.); McDonald-Coolidge & Co.; Hallgarten & Co.; Hemphill, Noyes & Co.; Johnston, Lemon & Co.; Kebbon, McCormick & Co.; Newburger & Hano; Shuman, Agnew & Co.; Sutro & Co., and Whiting, Weeks & Stubbs, Inc.

MICHIGAN CONSOLIDATED GAS CO.

Michigan Consolidated Gas Co. has filed a registration statement for $38,000,000 first mortgage bonds, 3½% series due 1968, and 40,000 shares 4¾% cumulative preferred stock, par $100 per share.

Address—415 Clifford St., Detroit, Mich.

Business—Engaged in the natural and manufactured gas business in Michigan.

Underwriting—Securities are to be offered for sale at competitive bidding and names of underwriters will be supplied by amendment.

Offering—Prices to the public will be supplied by post-effective amendment.

Proceeds—Company intends to use the proceeds from the sale of the bonds and the preferred stock ,together with a portion of the proceeds from the sale of additional shares of common stock, to redeem on or before Jan. 20, 1944, the entire issue of first mortgage bonds, 4% series due 1963, outstanding in the face amount of $36,000,000; to redeem the entire issue of 4% serial notes, due Aug. 1, 1944-48, outstanding in the face amount of $4,150,000, and to redeem on March 1, 1944, at $110 per share, the entire issue of its 6% preferred stock, par $100 per share, of which 20,000 shares are outstanding.

Registration Statement No. 2-5252. Form S-1. (11-13-43).

Amendment filed Jan. 22, 1944, to defer effective date.

Registration statement effective under notice of deficiency 5:30 p.m. EWT on Feb. 10, 1944.

NORTHWEST AIRLINES, INC.

Northwest Airlines, Inc., has filed a registration statement for 139,460 shares of common stock, without par value, of which 117,460 shares will be offered to the company's present common stockholders and the balance to be issued under options.

Address—1885 University Avenue, St. Paul 4, Minn.

Business—Engaged in air transportation with respect to persons, property and mail, and in the performance of contracts with the United States in connection with the prosecution of the war.

Underwriting — Auchincloss, Parker & Redpath head the underwriting group. Others will be named by amendment.

Offering—Holders of record at a date in January, to be named, of the company's common stock will be given pro rata rights to subscribe to an aggregate of 117,460 additional shares of common stock, in the ratio of one share for each two shares then held, at a price to be named by amendment. The subscription warrants will expire at 3 p.m. on Jan. 15, 1944. The underwriting group will purchase the unsubscribed shares and offer them to the public at a price to be named by amendment.

Proceeds—The entire net proceeds will be available for general corporate purposes pending specific application of such funds, and it is expected they will be invested temporarily in securities of the United States Government. It is considered desirable that the company at this time provide itself with funds with which to meet its future responsibilities and opportunities. It is expected funds will be used for the acquisition of additional flying, communications and other equipment, the construction of hangars, the purchase of machinery and other facilities in connection with its present routes and such new routes as may hereafter be acquired or participated in by the company. It is probable, although not certain, that additional flying and other equipment may become available for commercial operations before the termination of the war. As additional flying and other equipment becomes available, the company must be in a position promptly to place orders sufficient for its needs. In carrying out the program, the company may find it necessary to provide additional funds through the sale of additional securities, bank borrowings, the issuance of equipment trust certificates, or other financing, although the company has no present plans for any such other financing.

Registration Statement No. 2-5279. Form A-2. (12-23-43.)

Amendment filed March 3, 1944, to defer effective date.

OKLAHOMA NATURAL GAS CO.

Oklahoma Natural Gas Co. has registered $18,000,000 first mortgage bonds series due April 1, 1961, and 180,000 shares of preferred stock, Series A, cumulative, par value $50 per share.

Address — 624 South Boston Avenue, Tulsa, Okla.

Business—Operating public utility engaged in producing, purchasing and distributing natural gas.

Underwriting—Names to be supplied by post-effective amendment.

Offering—The bonds and new preferred stock are to be offered for sale subject to the competitive bidding requirements of the Commission. The successful bidder will name interest rate on the bonds and dividend rate on the preferred stock. Offering prices of both bonds and stock will be supplied by post-effective amendment.

Proceeds—Net proceeds, together with such additional amounts up to $6,500,000 as may be required, and obtained from the proceeds of a new bank loan will be applied to redemption purposes as follows: $16,500,000 face amount of first mortgage bonds, Series B, 3¾%, due Aug. 1, 1955, at 104½ and $3.678.000 face amount of first mortgage bonds, Series C 3% due April 1, 1956, at 104¼, total $21,076,815; payment of $3,500,000 bank loan; redemption of 58,000 shares of $5.50 convertible prior preferred stock at $110 per share or $6,380,000 and redemption of 91,055 shares of $3 preferred stock, $50 par, at $55 per share or $5,008,025, grand total $35,964,840. The amounts required for such purposes will be reduced to the extent the $5.50 convertible prior preferred is converted into common stock before the redemption date. If no conversions of the $5.50 convertible prior preferred are made additional sums, other than those provided by the new securities and new bank loan will be required from the company's general funds and will be available for the purpose.

Registration Statement No. 2-5302. Form S-1. (2-7-44).

Amendment filed Feb. 23, 1944, to defer effective date.

PUBLIC SERVICE CO. OF OKLAHOMA

Public Service Co. of Oklahoma has filed a registration statement for $1,500,000 5% preferred stock, cumulative, par $100 per share, and $6,600,000 first mortgage bonds, Series A, 3¼%, due Feb. 1, 1971.

Address—600 South Main Street, Tulsa, Okla.

Business—Engaged principally in generating, purchasing, selling electric energy and also natural gas and selling water.

Underwriting—None involved in issue of stock which is for exchange purposes Bonds will be offered for sale at competitive bidding and names of underwriters will be supplied by amendment.

Offering—The company is offering to the holders of 24,255 publicly held shares of $6 preferred, without par value, of Southwestern Light & Power Co., principal subsidiary of Oklahoma, the right to exchange, on a share for share basis, 15,000 of such shares of Southwestern for a like number of 5% preferred shares of Oklahoma. Subscriptions to be reduced pro rata in case the holders of more than 15,000 shares of Southwestern accept the exchange offer. Middle West Corp. has agreed to purchase from Oklahoma at $100 per share and accrued dividends, 2,500 of said 15,000 shares, less such number of shares thereof in excess of 2,500 shares as may be subscribed for pursuant to the exchange offer, and American Public Service Co. has agreed to purchase from Oklahoma, at $100 per share and accrued dividends, 10,000 shares of said 15,000 shares of 5% preferred, less such number of shares thereof in excess of 5,000 shares as may be subscribed for pursuant to the exchange offer. No underwriting commissions will be paid by the company in connection with the exchange offer. Offering price of bonds will be filed after the result of competitive bidding by the filing of a post-effective amendment.

Proceeds—Pursuant to authorization in December, 1943, by the Securities & Exchange Commission, Oklahoma will, upon the dissolution of Southwestern, principal holding company of Oklahoma, acquire assets of Southwestern subject to the liabilities of Southwestern at date of acquisition. Oklahoma will acquire the properties of the subsidiary subject to $6,648,000 face amount of the subsidiary's first mortgage bonds, Series A, 3¾%, due Dec. 1, 1969. The net proceeds, to be received by Oklahoma from the sale of the bonds of Series A registered, together with general funds of the company, are to be applied to the redemption, at 105%, of such bonds of subsidiary.

Registration Statement No. 2-5275. Form A-2. (12-21-43.)

Registration statement effective 5:30 p.m., EWT, on Jan. 10, 1944.

PUBLIC SERVICE CORP. OF TEXAS

Public Service Corp. of Texas has filed a registration statement for $800,000 5% 25-year first mortgage bonds.

Address—Burk Burnett Building, Fort Worth, Texas.

Business—Public utility corporation.

Underwriting—Keystone Pipe & Supply Co., Butler, Pa., is named underwriter, parent of registrant.

Offering—There will be no principal underwriter, but the bonds received by the Keystone Pipe & Supply Co., parent of registrant, will be offered to holders of its preferred stock in exchange for same. The basis of exchange is to be $100 par of the bonds for $100 par value of preferred stock. The underwriter is not bound to take all the securities registered. The underwriter is the owner, however, of 24,096 shares of the preferred stock of the registrant and has agreed to accept at par the bonds registered in exchange for registrant's preferred stock which it owns.

Purpose—The securities are to be offered by the registrant in exchange for its outstanding preferred stock and by the underwriter (Keystone Pipe & Supply Co.) in exchange for its outstanding preferred stock. The basis in each case is one $100 par value in bonds for $100 par of preferred stock. The balance of the preferred stock of the registrant outstanding in the amount of $5,875 will be called in by the registrant and retired.

Registration Statement No. 2-5274. Form S-1. (12-21-43.)

Amendment filed Feb. 25, 1944, to defer effective date.

Withdrawal request filed March 7, 1944.

THE SOUTH COAST CORPORATION

The South Coast Corporation has filed a registration statement for $1,500,000 first mortgage 5% bonds due Dec. 31, 1955.

Address—Carondelet Building, New Orleans, La.

Business—Consists primarily of the cultivation of sugar cane and the manufacture and sale of products and by-products resulting from the processing of sugar cane, including raw and refined sugars, syrups, black strap molasses and bagasse.

Underwriting—Paul H. Davis & Co. and others to be named by amendment.

Offering—To be named by amendment.

Proceeds—Will be applied to the redemption, at the principal amount thereof plus annual interest, of the $998.405 in principal amount of general mortgage 15-year 6% income bonds, due Sept. 1, 1950, and balance added to working capital and may be applied to the reduction of current bank loans and the purchase of supplies and raw materials.

Registration Statement No. 2-5291. Form S-1. (1-21-43.)

Amendment filed Feb. 25, 1944, to defer effective date.

UNITED GAS CORPORATION

United Gas Corp. registered $75,000,000 first mortgage and collateral trust 3¼% bonds due 1958

Address—2 Rector Street, New York City

Business—Production and sale of natural gas; part of Electric Bond and Share System

Underwriters—None

Offering Terms—Bonds will be sold to institutional investors, whose names will be supplied by amendment, at 99.34%

Proceeds—To redeem $28,850,000 United Gas Public Service 6% Debentures due 1953; to pay 6% demand note of $25,925,000 to Electric Bond and Share; to repay $2,000,000 open account debt to E. B. & S.; and to purchase from United Gas Pipe Line Co., $6,000,000 of its 1st & Coll. 4% bonds due 1961. Balance will be used in part to reimburse treasury for capital expenditures and possibly to pay accumulated dividends of $9,502,490 on companys $7 preferred stock

Registration Statement No. 2-4760, Form A-2 (5-15-41)

United Gas Corp. filed amendment with SEC on Feb. 21, 1942, stating that it had been unable to further extend the purchase agreements with 14 insurance companies covering the proposed private sale to such insurance companies of $75,000,000 of the company's first mortgage and collateral trust 3¼% bonds, due 1959. This amendment states: "These purchase agreements expired on Feb. 16, 1942. The corporation intends to continue negotiations to the end that its bonds shall be either sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the best possible price."

Amendment filed March 2, 1944, to defer effective date.

VIRGINIA ELECTRIC & POWER CO.

Virginia Electric & Power Co. has registered 305,192 shares of $5 dividend preferred stock and $24,500,000 first and refunding mortgage bonds, series D 3½%, due April 1, 1974.

Address—7th and Franklin Streets, Richmond 9, Va.

Business—The securities are to be issued in connection with the proposed merger of Virginia Public Service Co. into Virginia Electric & Power Co. Both companies are operating public utility companies.

Underwriting—Names will be supplied by amendment. Bonds are to be offered at competitive bidding under Commission's Rule U-50.

Offering—Immediately prior to the merger Engineers Public Service Co. will acquire from General Gas & Electric Corp. all of the 782,000 outstanding shares of VPS and a claim of General to $1,165.166 held in escrow, for an aggregate consideration of $2,500,000, of which $1,500,000 is to be paid in installments contingent upon specified earnings of the merged companies within five years from the merger date. If and when the merger plan becomes effective, each share of VPS 7% preferred and VPS 6% preferred, including all rights to accrued and unpaid dividends, will be converted into 1⅙ shares of new preferred and in addition, each share of VPS 7% preferred will receive $5.50 in cash. All of the 782,000 shares of common of VPS will be converted into 150,000 shares of common stock of Vepco. Each share of Vepco old preferred will be converted into one share of new preferred and will receive cash for accrued and unpaid dividends to the merger date. The shares of common stock of Vepco now outstanding will remain outstanding. Vepco will issue and sell $24,500,000 face amount of Series D bonds, and also $5,000,000 of new notes, and will make provision for the redemption of the outstanding $26,000,000 face amount of VPS bonds and the outstanding $10,500,000 face amount of VPS debentures.

Purpose—For merger and refunding.

Registration Statement No. 2-5297. Form S-1. (2-1-44).

Amendment filed Feb. 28, 1944, to defer effective date.

(This list is incomplete this week)

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"Our Reporter On Governments"

By DONALD MacKINNON

As forecast on Feb. 17 in this column, on March 2 Secretary Morgenthau announced plans for refunding all notes and bonds, issued or guaranteed by the Treasury, which mature or could be called on or prior to June 15, 1944. . . . Along the Street some disappointment was evident inasmuch as the only issue made available to commercial banks—the 1½s of 9-15-48—was priced close to the market. . . . All three securities, the 1½s, the 2¼s of 59/56, the 2½s of 70/65, are currently offered at 100.6. . . . The latter two bonds have moved up about 3/32s, and the 2¼s are expected to advance slowly against the day—9-15-46—when commercial banks may purchase this issue in the open market. . . . We believe that investors will be glad to pay 100.14 for the new 1½s within the near future. . . . As a matter of fact, the majority of commercial bankers who have expressed their opinion to us are well pleased with the 1½s. . . .

Seldom before, if ever, has the Treasury refunded only bonds and notes so far in advance of maturity or call date on such a huge scale—$4,730,000,000. . . . Other than CIs, Bills and Debentures, two issues of Federal Land Bank bonds may be called for payment on 7-1 and 7-15-44, and the $196,000,000 involved may be paid off in cash. . . . On 9-15-44, two notes totaling $918,000,000 mature; $1,037,000,000 Treasury 4s may be called prior to 12-15-44. . . . Inasmuch as CIs, Bills and Debentures offer no problem, the Treasury and the Federal Reserve Banks may be said to be in a position prepared to cope with contingencies that might develop. . . .

SELLING PRESSURE

Are Treasury and Federal Reserve officials, by this recent exchange offering, house-cleaning against the days when the repurcussions of screaming invasion headlines may prove to be a test of their combined abilities to control possible market disturbances? . . . If this is the case, what sections of the market might require support if selling pressure materializes? . . . Partially exempts? . . .

At the close on 3-13-44, the five longest partially exempts had advanced from 24/32s to 32/32s against 2-1-44 bids. . . . Some profits have been taken recently, and of size sufficient to cause declines of about 8/32s from the highs of the current move. . . . What investors holding such issues would be interested in selling in the event a decline does materialize? . . . Commercial banks, or other investors who presumably need partial tax exemption? . . . Perhaps, but we believe that, in the main, commercial banks have acquired partially exempts on a sound net yield basis several points below current prices. . . . In such cases there is no incentive to sell unless one believes that the market might collapse temporarily—a conclusion generally conceded to be highly improbable. . . . When an investor is in excess-profits brackets, any profit-taking operation obviously mitigates against the liquidation of any obligation producing relatively high net income. . . . Therefore it can be said that excess-profits conscious investors owning, for example, the 2¾s of 65/60, surely are not interested in selling, BUT, on the contrary, would purchase additional tax-exempts given a favorable opportunity. . . .

HIGH TAXES AND COMMERCIAL BANKS

There are some commercial banks and other investors who, as yet, do not feel the impact of high taxes because losses may be established to offset profits—and would undoubtedly sell at the drop of a hat to conserve existing gains. . . . At least, commercial banks in this classification are decreasing at a fairly rapid rate, so that profits accepted eagerly a year ago are no longer as attractive as they once were, which attitude is born of inability to substitute, for an unknown period, low coupon bonds for Governments owned which provide considerably higher and satisfactory current return. . . . There remains, however, the unknown factor—the professional trader. . . . Any attempt to measure his constantly changing conclusions is fruitless indeed. . . .

In spite of the fact that long partially exempts may be vulnerable at present levels, we believe that the psychology of the investors owning such obligations has changed completely during the past few years from concern to indifference with regard to market fluctuations, and in many cases a downright reluctance to abandon established positions regardless of costs. . . .

This statement is made as a result of conversations with hundreds of investors, most of whom are commercial bankers, who evidence a tremendous interest in and actual need for fully or partially exempt income as an important factor which conributes to the growing strength of their respective institutions. . . . During the past 10 years these gentlemen have been engaged in the process of or have completed liquidation of investments which have been subjected to question or criticism by regulatory authorities. . . . Doubtful assets have been eliminated—their banks are sound and safe, and are going to stay that way. . . . While they have experienced material decreases in loans, deposits have increased and net earnings have grown largely as a result of careful selection of conservative, top-grade investments. . . .

Many of these bankers, especially since 1941, had correctly analyzed future increased earnings and had wisely provided some measure of tax exemption, and have taken advantage of the major opportunities afforded in 1941, 1942 or 1943 to buy any one or all of the four longest partially-exempt issues at prices ranging as low as 108.16 to 109.16—or a cost averaging two to three points below current levels. . . . May one expect investors who have been fortunate enough to make such worthwhile commitments to liquidate, even though they may believe that a decline of two or more points is possible—even probable? . . . We believe not. . . . After all, the amortized book values are somewhat lower than costs, which fact further reduces any possible interest in selling. . . .

Partially-exempts must be amortized; and, under the 1942 Revenue Act, can be amortized to the call date rather than maturity. . . . Consider, then, the most remote call date on the 2¾s of 12-15-65/60. . . . The 1942 Revenue Act arbitrarily reduces this issue, for amortization purposes, to a maturity of 16 years and 9 months. . . . The present asked price (3-13-44) is 112.3; the amortizable premium is the equivalent of about 22/32s annually. . . .

Granted the 2¾s of 65/60 might decline 22/32s from current levels, but we believe the odds are against such market action. . . . Let's assume that price fluctuations **will** occur. . . . What practical difference would such declines and advances mean, when investments are made on a sound net income basis, and the premiums involved advantageously amortized to call date? . . .

LOWER PRICE HAZARD

The real hazard which would make for lower prices is a reduction of excess-profits taxes. . . . With no such change expected until post-war years, with 52% of all fully or partially exempt Governments outstanding called or callable within the next five years, in the face of the invasion, in the face of liquidation by Mutual institutions expected at the time of the Fifth War Loan, in the face of other factors which could cause declines, we continue to believe that long, partially-exempts will prove to be valuable property. . . . It will be most interesting to observe what percentage of holders of recently-called obligations will choose to accept cash rather than taxable issues—and may elect to invest cash so received in partially exempt Governments. . . . Only 1% of the total refunding operation, or about $47,000,000, might produce a noticeable effect in strengthening the present weak market, and such action might develop within the next few days, inasmuch as the books on the exchange offering closed on 3-15-44. . . .

So far we have discussed only the partially-exempts. . . . What about taxables? . . . If one is to admit that the largest premiums are the most vulnerable—and we do not—the 2½s of 54/52 at 104; the 2½s of 58/56 about 103.17; and the 2¼s of 55/52 should encounter lower prices. . . . We believe that investors holding such bonds will continue to retain their commitments, and do not expect to see these issues lose any material percentage of present premiums. . . . We believe that the entire taxable market will act very well, and that certain bonds—for example, the 2s of 9-15-53/51—present advantageous investment opportunities now. . . .

Summarizing, we believe that:

(1) Holders of partially-exempts will retain—and when possible buy additional obligations of this classification. Why sell when profits will increase taxes?

(2) Because of the increasing demand for the sharply decreasing supply of partially-exempt income, prices of issues providing such income will remain relatively firm in the face of imponderable factors, and will advance over current markets within the near future.

(3) The Federal Reserve Open Market Committee can and will successfully exercise whatever controls may be required in order to maintain orderly markets in Government obligations.

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Interesting Situation

Aeronautical Products, Inc., offers an interesting situation according to a memorandum issued by Mercier, McDowell & Dolphyn, Buhl Building, Detroit, Mich., members of the Detroit Stock Exchange. Copies of this memorandum may be had from the firm upon request.

Interesting Realty Issue

R. H. Johnson & Co., 64 Wall St., New York City, have issued an interesting study of Hotels Statler Co., Inc., which offers interesting possibilities at current levels the firm believes. Copies may be had upon request from R. H. Johnson & Co.

January Rail Results

Vilas & Hickey, 49 Wall Street, New York City, members of the New York Stock Exchange, have issued an interesting circular giving January rail results. Copies of this circular may be had from the firm upon request.

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The Financial Situation

It is most fervently to be hoped that most of the "popular" discussion of post-war conditions, prospects, and ideals is making little or no impression upon the public. Otherwise, deep and all but universal disappointment is inevitable when the fighting has ceased, disappointment of a sort which might well affect public policy in a way to make a bad situation much worse. Precisely why so many men and women, some of them ordinarily reasonably endowed with common sense, should have chosen the post-war era as a subject upon which to grow silly and sentimental is not clear, but it is certain that they are likely to do mankind a disfavor in proportion to their influence.

Least Harmful

Fantastic lists of new devices, gadgets or "comforts," and equally fantastic forecasts of improvements in familiar things, are perhaps among the least harmful of the long list of strange things predicted. Common sense should warn us all that whatever has been learned in science or in production technique during the war, it all has been to date, and probably will be until the end of the war, wholly devoted to the defeat of our enemies. Only after the war will it be possible for manufacturers to get down to real business in applying such things to the production of peacetime goods—and, for that matter, often determining what can be done with some of these things to meet the needs of ordinary times. But even if the public does permit itself to be bewitched with all this fine talk about things out of Wonderland, the resulting disappointment is not likely to give rise to great damage and, in any event, as time passes in the post-war era, a reasonable proportion of these predictions will come true no doubt.

Dangerous Doctrine

Much more dangerous is the impression likely to be given the rank and file that the production records estab-

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Holds World Peace Body Offers Only Assurance Against Wars

Deplores "Defeatist Attitude" Of Those Who Cite League Of Nations' Failure In Arguing Against Success Of Further Efforts To Prevent Conflicts Through International Organisms—Sees Potential Industrialization Of China and India Threat To "White Supremacy" In Asia And Indicative Of Urgent Need For Unremitting Efforts To Establish World Medium to Preserve Peace

Editor, "Commercial and Financial Chronicle":

Dear Sir:—Alexander Wilson's communication in the "Chronicle" of March 9 on the subject, "Why a New League of Nations Will Not Ensure Permanent Peace," gives evidence of so much sincere and painstaking research that one can only regret the utter futility of his conclusions.

Mr. Wilson devotes several columns to demonstrating: (1) that man is by nature a quarrelsome and bloodthirsty brute; (2) that all great Powers, our own country included, are imperialistic and devoted first and foremost to the pursuit of their own selfish interests; and (3) that any attempt to set up a world organization to keep the peace is bound to fail because the nations lack the "moral character" to live up to the high purposes of a League of Nations.

The most we can hope for, according to Mr. Wilson, is "gradual acceptance and slow development of a Super-World Court for arbitration," and the organization of a glorified debating society, "along the lines of the Pan-American Union," "to collaborate in a general international understanding to promote post-war peace by re-creating good will . . . and respect for each other's rights."

Therefore, says Mr. Wilson, "Why chase rainbows? To sentimentalize, moralize or dogmatize about peace is dangerous and will be fatal to America in the world to come."

Nevertheless, after this completely pessimistic, not to say cynical, review of history, he ends his thesis on an entirely different note by quoting the words of Jesus: "Blessed are the Peacemakers, for they shall be called the Children of God."

Was this astounding juxtaposition of ideas intended as sarcasm, or is Mr. Wilson merely naive?

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Dr. Spahr Sees Danger In Declining Federal Reserve Ratios And Treasury Domination In Financial Affairs

Dr. Walter E. Spahr, Professor of Finance at New York University, in a bulletin issued on February 29th by the Economists' Committee on Monetary Policy of which he is Executive Secretary, indicates that he thinks it is "time for some red flags" in our monetary situation. "When our Federal Reserve credit structure reached the cracking point in May, 1920," he states, "the ratio of reserves against both Federal Reserve notes and deposits in the Federal Reserve banks stood at 42.2 (May 14). Eight of the Reserve banks paid tax penalties for deficiencies in reserves in that year.

Dr. Walter E. Spahr

"On Feb. 23, 1944, the Reserve ratio stood at 62.4. If the decline continues for another 16 months — to June, 1945—at the same rate as in the past 16 months, we will be down to the 42% of May, 1920. Sixteen months ago—on Oct. 21, 1942—the reserve ratio stood at 83.1.

"If the downward trend in this reserve ratio continues at anything like the rate of the past 16 months, all the talk and agitation regarding the putting of several billions of dollars of our gold at the disposal of other countries will become academic indeed, unless members of Congress fail to notice the danger signals in these declining reserve ratios and lead this country into a program that can quickly become extremely dangerous and possibly disastrous.

"If, today, $5,000,000,000 of our gold were set aside for one or all of the international banking programs, and not counted as part of the reserves of the Federal Reserve banks, our reserve ratio would stand at approximately 47%—not far above the cracking point of 1920.

"What economist can demonstrate in any convincing manner that the trend between now and June, 1945, will not be as sharply downward as it has been since October, 1942?

"Recent experience calls for a great prudence now. From here on we should regard the declining reserve ratios as red flags of warning.

"Let every thoughtful person consider what the situation will be if, by June, 1945, our reserve ratio reaches 42%! What if Government bonds crack as they did in 1920? A drop of ten points in the prices of Government bonds would wipe out the capital, surplus, and undivided profits of many, perhaps most, of the large banks in this country. A radical devaluation of the dollar would probably follow. A financial collapse and chaos could well be the result.

"Sixteen months are not a long time; and it looks as though they are going to be a vital 16 months in the financial affairs of this nation.

The Matter of Treasury Domination in Financial Affairs

"There is another aspect in this financial picture that calls for serious consideration: that is the important part played by the Treasury in the foreign exchange and domestic money markets and in the operations of the Federal Reserve System.

"In general, these Treasury policies involve artificialities of a sort that promise to be unhealthy in the long run; and the unhealthiness of some of them has been apparent for too long a time.

"Foreign exchange rates are chiefly in the hands of the Treasury, operating through the Stabilization Fund. The British pound is pegged at what is doubtless an artificially high rate which means that we are subsidizing Britain in this respect.

"The artificially low interest rates maintained by the Treasury have operated to remove from the Reserve authorities the power to exercise effective control over credit in the money markets in which the Reserve authorities normally would exercise controls. Furthermore, these low money rates will make it inviting for foreign balances to move out at the

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From Washington Ahead Of The News

By CARLISLE BARGERON

Congress is showing increasing irritation over the political activities of the CIO and the indications are pretty definite that it will look into them soon. A vehicle for this is provided in the new tax law which requires that labor and other tax-free organizations give an accounting of their receipts and expenditures. Inasmuch, however, as the next few months are likely to be devoted to a simplification of tax returns, it is doubtful if this provision will serve to give an airing to the CIO's operations before the next election. Thus, it is probable that a committee will be set up to conduct an investigation.

The Leftist press has been shouting bloody murder over this prospect and even a portion of the more Conservative press has been asking why the organization's right to go into politics should be questioned. This isn't the question at issue.

It is really a story of one of the most amazing gambles, by a few men, with other people's money that the country has experienced in a long time. And it is being done in collusion with the Government.

It should be borne in mind that fully 70% of the CIO's membership is made up of temporary, or war industrial workers. They have no background or traditions in unionism. They are from the farms, the soda counters, the white collar class, drawn to the war industries by the high wages. Presumably, they will go back to these pursuits when the war is over. Certainly they won't continue to work in the war plants. Their unionization has not come about through their own initiative. They are the victims, though they have no feeling on the subject, of the Government's more or less forcing them into the union.

Now, to a lesser extent, this is true of the American Federation of Labor. It, too, holds these temporary workers under rigid closed shop contracts. But there is a distinct difference. They constitute the froth of the AFL's membership. They constitute, on the other hand, the bulk, by far, of the CIO membership.

Now the CIO politicos are assessing these workers to support the Fourth Term campaign, along with various and sundry collateral enterprises. In a not so roundabout way, it is a case of the Government siphoning off the "excess" earnings to fill its campaign kitty. Before the war they were making as low as $5 a week. Now they they are making from $60 to $100 or more a week. It is as if the New Dealers figure that having been responsible for these

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Congress And The People

Government has been monopolized by "one single group in our national life," according to Joseph W. Martin, Jr., Republican leader of the House, and Congress is the "only" remaining government agency "not under their control."

"This probably is the explanation of the New Deal anti-Congress tirades and propaganda against the peoples' representatives," he added. "If they could reduce Congress to an impotent forum of discussion they could reach out and through the use of blank checks control the purse of the nation; through power to make regulations they could make the administrative laws of the nation; through shaping the tax bills they could absolutely control and dictate the life of all industry and of every individual.

"Seeing this unwise trend, Congress has moved to stop it. Congress would curb the dictums of the bureaucrats and retain for the people control of this vast power. This has brought about the clash between the bureaucrats and Congress.

"The people will be on the side of Congress."

Certainly the people "will be on the side of Congress" the moment they are satisfied that that body is functioning effectively as contemplated in our scheme of things.

It has been supine; it has been "balky"; it has apparently grown openly resentful; let it now show that it can be really constructive.

There would then be no need to worry about public support.

The State Of Trade

Most of the heavy industries showed gains last week, with the steel industry reporting the second highest level on record this week. Carloadings showed up well again and electric power production reflected a fair weekly gain. The retail trade was reported as more active, but volume continued below the high level of a year ago. Department stores revealed a gain in sales of 1% for the week.

Production of electricity increased to 4,464,686,000 kilowatt hours in the week ended March 4, from 4,444,939,000 in the preceding week, according to the Edison Electric Institute. This was a gain of 13.1% over the year ago total of 3,946,630,000. Consolidated Edison Company of New York reports system output of 215,900,000 kilowatt hours in the week ended March 5, an increase of 27.5% over the 1943 total of 169,300,000.

Carloadings of revenue freight for the week ended March 4 totaled 788,255 cars, according to the Association of American Railroads. This was an increase of 5,792 cars from the preceding week this year, 39,329 cars more than the corresponding week in 1943 and 17,770 cars above the like period two years ago. This total was 119.64% of average loadings for the corresponding week of the 10 preceding years.

Steel production in the United States is at the second highest level on record for the industry this week, according to the American Iron & Steel Institute. Output is scheduled at 99.1% of rated capacity, equivalent to 1,775,200 net tons of ingots and castings. This compares with operations at 98.8% and output of 1,769,800 tons last week and is a peak since the industry established its record of 1,781,300 net tons in the week beginning Oct. 11, 1943, when, however, a smaller capacity was available. Increased requirements for steel for war purposes continue to delay the long-time plea for steel for civilian goods, according to the magazine "Steel." A survey by the publication shows backlogs are accumulating in most major products. This is particularly noticeable in hot and cold rolled sheets and in narrow strip.

In spite of reduction in small arms contracts and continued decline in machine tool requirements, bar deliveries have become more extended recently, after easing considerably in early weeks of this year. Aircraft requirements for bars have increased after a period of conservative buying. Railroad buying has increased and miscellaneous consumption shows a gain. Sheetmakers for the most part are booked into late third quarter, with little opportunity to obtain August delivery promises, some mills offering September and October as their best.

Retail trade turned more active last week, but volume continued below the high level of a year ago, Dun & Bradstreet, Inc., reported. Because of the uncertainty of delivery schedules, retailers have not put as much promotional efforts behind pre-Easter sales as in previous years, according to the review. However, piece-goods departments, backed by the "sew-and-save" promotions are doing heavy business. The chief concern of wholesalers remained the tight delivery situation. Most buyers in the market were interested in checking on deliveries of spring goods and ordering available fall merchandise. Retailers were reported stocking up on handbags and jewelry items in anticipation of "beat-the-tax" consumer buying. Retail volume for the country as a whole was estimated at 2 to 5% below the corresponding week last year.

Department store sales on a country-wide basis were up 1% for the week ended March 4, compared with the like week a year ago, according to the Federal Reserve System. Sales for the four weeks' period ended March 4 were down 10% compared with the like period last year. Department store sales in New York City in the week ended March 11 were 7% larger than in the like week last year, according to a preliminary estimate issued by the Federal Reserve Bank of New York. In the four weeks ended March 11 sales were unchanged compared with the like period a year ago. In the previous week ended March 4, sales of this group of stores were 2% less than in the corresponding 1943 period.

Chain store and retail mail order house sales in January were about $1,100,000,000, or 5% above those of the corresponding month last year, according to the Department of Commerce.

Donald Nelson Advocates Government Control Of War-Born Companies In Peace Time

Donald M. Nelson, head of the War Production Board, advocated on March 9 Government control of war-born companies to hold them out of civilian goods manufacturing until established firms can return to peace-time production. Advices to this effect were contained in an Associated Press dispatch from Washington, on March 9, published in the New York "Sun," which added:

"Restrictions on 'new' companies which want to enter an industry for the first time will undoubtedly be needed," he wrote Senator Maloney (D., Conn.) "until the now critical components and materials are in easy supply.

"Certainly, so long as wartime controls are retained, materials and components should not be allocated to these 'new' firms until firms already established in the affected industries, and which are in a position to resume production of their former products, have received their just allocations."

The letter, virtually a blueprint for the coming industrial switch to peace-time production, was placed in the Congressional Record by the Connecticut Senator.

Mr. Maloney had asked Mr. Nelson if WPB had a specific policy concerning firms which "desire to enter production of particular civilian items even though such firms did not produce such items before the war?"

Declaring the Government should not attempt to prevent new competition, Mr. Nelson said Government industrial controls should be relaxed whenever they cease to be necessary to war production, but added:

"However, the need for controls is obviously going to continue for some time. Even in the case of material which is in good supply today, if suddenly the controls were relaxed another shortage would be likely to occur, injuring production for war."

Mr. Nelson said the supply of manpower, materials and parts were the controlling factors in permitting industries to get into civilian production when their war contracts are cut back, adding:

"Our policy is to expand civilian production as it becomes possible to do so without interference with the over-all war program, and particularly in concerns whose war orders have been cut back."

To Senator Maloney's question whether national producers will be given an even start on civilian production, Mr. Nelson said:

"It would certainly be convenient as well as fair to allow all manufacturers in each industry to resume production at the same time, but this is, of course, a physical impossibility.

"It goes without saying that the tremendous impact of war on the economy is bound to produce hardship for some business concerns, as well as for other elements in the society. Obviously, the Government cannot entirely prevent such hardships. . . .

"If without interference with the war effort we can give a manufacturer in a non-critical manpower area materials and parts to resume production of things the civilian economy needs, I think it is to the public interest that we do so without waiting until another concern in a critical area is permitted to resume production."

Mr. Maloney asked if it would be practicable to require firms first returned to civilian manufacturing to market part of their goods through other companies still working on war contracts.

"There may be certain instances in which this can soundly be done," Mr. Nelson said, "and if so I am in favor of doing it. In some industries, however, serious practical obstacles would have to be overcome before such an arrangement could be put into effect. This is a problem requiring individual consideration of and by each industry involved."

NY Bankers Ass'n Opposes Permitting Reserve Members To Absorb Exchange Charges

The New York State Bankers Asociation, representing the 700 commercial banks throughout the state, lodged on March 11 a formal protest against legislation pending in Congress to permit Federal Reserve member banks to absorb exchange charges made by non-par clearance banks for clearing and collecting checks. In the House the Brown bill embodying the new legislation, was passed on March 2 by a voice vote; a reference to the proposed legislation appeared in our issue of March 2, page 921, in which it was noted that the Board of Governors of the Reserve System had been urged in a resolution of the Federal Advisory Council to firmly oppose both the Brown Bill, and its companion bill in the Senate, viz., the Maybank Bill. The legislation, it is stated, is designed to prevent the Reserve System from enforcing the regulation (known as Q) intended to check absorption of exchange charges by member banks.

Before the House on March 2 Chairman Spence (Dem., Ky.), of the Banking Committee, said, according to Associated Press advices, that "Congress had never intended under the Banking Act of 1933 to delegate to the Federal Reserve Board the power to interpret the act so as to forbid the absorption of exchange." The press advices added:

"Little banks have said they will be destroyed unless this bill is passed," the Kentuckian added.

But Representative Wolcott (Rep., Mich.), declared that passage of the bill would "induce loose fiscal policies that might affect banking throughout the United States."

The Association's protest against the legislation was sent to Senator Robert F. Wagner, of New York, Chairman, and to the 19 members of the Senate Committee on Banking and Currency which is scheduled to hold hearings shortly on the Brown Bill, and the Maybank Bill. According to the Association the intent of these bills is to amend Section 19 of the Federal Reserve Act so that the absorption of exchange charges will be specifically exempted and therefore will not be considered to constitute payment of interest on demand deposits.

E. Chester Gersten, President of the Association, pointed out that the Association's action in protesting the Brown and Maybank Bills was prompted by hundreds of communications from up-State banks urging opposition to amendment of the present law.

"The urgency of the situation was created by the passage of the Brown Bill in the House of Representatives," Mr. Gersten said. "Small banks throughout the State are strongly opposed to the enactment of the proposed legislation. All of the banks of New York State clear checks at par. 583 of them as members of the Federal Reserve System and the remaining 113 through Federal Reserve collection channels. They feel that legislation sanctioning the absorption of a charge by the collecting bank is totally unsound."

The Association in its announcement in the matter March 11, says:

"The controversy into which the Association has entered started last September when the Board of Governors of the Federal Reserve System ruled that absorption of exchange charges is a violation of the Board's Regulation 'Q.'

"The attempt to establish the right of member banks to absorb exchange charges was at first localized to the dozen or so States where there are still many non-par banks. The opposition has grown to national proportions because of the introduction of this legislation to legalize the practice. Opponents of the Brown and Maybank Bills contend that many correspondent banks which follow the practice of absorbing exchange charges as a means of rewarding non-par correspondents, build up large demand balances and thereby draw deposits away from natural trade areas and trade streams."

"Memory has often proved short," said Mr. Gersten. "These bills have in them potentialities for a repetition of events of the 1920's when many banks attracted disproportionately large demand deposits by competitive payment of high rates of interest. The withdrawal of such funds, particularly by large depositors, sometimes referred to as 'smart' money, is a simple matter requiring only the drawing of a check. In contemplating the dangers lurking in the proposed legislation, it is well to recall the days when wholesale withdrawals and transfers of demand deposits led to the weakening of banks in many sections of the country and brought on the hysteria that was cured only by the 1933 bank holiday. Regulation 'Q' was designed to prevent artificial accumulation of demand deposits by banks to which such funds would not normally flow. Hence, Section 19 should not be weakened."

The Association also says:

"In a recent case cited by the Federal Reserve Board, a small bank ran its deposits up from $800,000 to over $8,000,000 in less than a year. Of this, $6,800,000 or 82% represented correspondent bank accounts. Another case involves a bank in a town with population of a few hundred with balances of $73,750,000. Other cases on record show growth in correspondent bank balances up to as high as 625% largely as a result of this practice of absorbing exchange charges.

"According to a bulletin recently published by the Board of Governors of the Federal Reserve System, only 2,529 banks out of 14,030 in the United States are on a non-par clearance basis."

The Association's message to members of the Senate Committee on Banking and Currency said in part:

"It is the opinion of the New York State Bankers Association that the pertinent provision of Section 19 of the Federal Reserve Act, as amended, which reads, 'No member bank shall directly or indirectly, by any device whatsoever, pay any interest on any deposit which is payable on demand,' and Regulation 'Q' based thereon, are sound and in furtherance of conservative banking.

"Though these bills (Brown and Maybank) deal directly with the interpretation of Section 19, the inherent danger is that they provide an opening wedge for artificially building up large demand deposits. Thus, their passage will tend to bring about abuses and ultimately harmful effects upon our banking economy.

"Be assured that we are sending this communication to you with the thought that it may constructively reflect to you the views of the banks throughout the State, and we trust that your committee, in reaching a decision regarding this matter, will feel jusified in taking action to defeat the proposed measures which we referred to above."

U. S. Calls Upon Neutral Eire To Oust German And Japanese Representatives

Impossible For Irish Government To Comply, Says de Valera

A request by the United States to neutral Eire "that the Irish Government take appropriate steps for the recall of German and Japanese representatives in Ireland," was made by the State Department at Washington, but knowledge of this did not become public until March 10, when the reply of the Irish Government, written by Prime Minister de Valera, was also released by the Irish Legation in Washington. In his reply Mr. de Valera said:

"The note of the American Government was handed to me by the American Minister on Feb. 21. I informed him at once that the request it contained was one with which it was impossible for the Irish Government to comply. The Irish Government have since given the matter careful consideration and I now confirm the reply which I then gave verbally."

In the note of the State Department it was stated that "we should be lacking in candor if we did not state our hope that this action will take the form of severance of all diplomatic relations between Ireland and these countries." The note further said:

"You will, of course, readily understand the compelling reasons why we ask as an absolute minimum the removal of these Axis representatives whose presence in Ireland must inevitably be regarded as constituting a danger to the lives of America soldiers and to the success of Allied military operations.

"It is hardly necessary to point out that time is of extreme importance and that we trust your Excellency will favor us with your reply at your early convenience."

While it was stated in Associated Press Washington accounts March 11 that the need for early and decisive action was emphasized by an official statement, that, because of spy activities based on Ireland "not only the success of the operations but the lives of thousands of United Nations' soldiers are at stake." Mr. de Valera, it is pointed out in the same advices, contends that Ireland's counter-spy methods are effective and asserted that no American lives would be lost through any indifference or neglect of its duty on the part of his country. From these advices we also quote:

"He also made two other main points: That expulsion of German and Japanese officers would be a first step toward going to war with the Axis, which his country is determined not to do; and that he had received assurances from the United States that it did not intend invading Ireland.

"Thus for the first time it was officially revealed how gravely the Dublin Government had viewed events of the past few weeks, during which the world knew only that Ireland had been swept by waves of invasion jitters.

"Several further measures appear to be open to the United States and Britain, which had backed the American request to the limit. All of them and possibly others are believed to be under consideration here and in London. They include:

"1. Closing and fully guarding the border between Eire and Northern Ireland as an emergency military measure.

"2. Breaking diplomatic relations with the Dublin Government. This appeared to be the most improbable step of all since it usually creates more problems than it solves.

"3. Clamping down on economic collaboration with Ireland. The country is an integral part of the British economic system and dependent entirely on British and American shipping.

"From the text of the two notes it was clear that the aim on both sides was a friendly solution of the difficulties which have jeopardized Eire's neutrality more directly than at any previous point in four and a half years of European war."

From the note of the State Department we quote the following:

"It has become increasingly apparent that despite the declared desire of the Irish Government that its neutrality should not operate in favor of either of the belligerents, it has in fact operated and continues to operate in favor of the Axis power, and against the United Nations on whom your security and the maintenance of your national economy depend. One of the gravest and most inequitable results of this situation is the opportunity for highly organized espionage which the geographical position of Ireland affords the Axis and denies the United Nations.

"Situated as you are in close proximity to Britain, divided only by an intangible boundary from Northern Ireland, where are situated important American bases, with continuous traffic to and from both countries, Axis agents enjoy almost unrestricted opportunity for bringing military information of vital importance from Great Britain and Northern Ireland into Ireland and from there transmitting it by various routes and methods to Germany. No opportunity corresponding to this is open to the United Nations, for the Axis has no military dispositions which may be observed from Ireland.

"We do not question the good faith of the Irish Government in its efforts to suppress Axis espionage. Whether or to what extent it has succeeded in preventing acts of espionage against American shipping and American forces in Great Britain and Northern Ireland is, of course, impossible to determine with certainty. Nevertheless, it is a fact that German and Japanese diplomatic and consular representatives still continue to reside in Dublin and enjoy the special privileges and immunities customarily accorded to such officials. That Axis representatives in neutral countries use these special privileges and immunities as a cloak for espionage activities against the United Nations has been demonstrated over and over again."

In his reply Prime Minister de Valera had the following to say in part:

"From the beginning, by the establishment of strong observation and defense forces, by a wide and rigorous censorship of press and communications, by an extensive anti-espionage organization and by every other means within our power, we have endeavored to prevent the leakage through Ireland of any information which might in any way endanger British lives or the safety of Great Britain.

"Since the United States entered the war the same spirit of scrupulous regard for American interests has been shown. American officials have had an opportunity of seeing the measures which have been taken — they have indeed made favorable comments on their effectiveness—and it is satisfactory to observe that in the note itself not a single instance of neglect is alleged and no proof of injury to American interests is adduced. Should American lives be lost it will not be through any indifference or neglect of its duty on the part of this State.

"As was known to the American officials, it is true that the German Minister had a wireless transmitter, but he had been for a long time debarred from using it and it has been in the custody of the Irish Government for some months. As regards the two parachutists dropped in Ireland last December, they were apprehended within a few hours. Two other agents dropped here since the war began met with a similar fate. The fifth, who arrived during the first year of the war, remained at large until Dec. 3, 1941, but the police were aware of his presence here almost from the first moment of landing, and successful activities on his part were rendered impossible.

"The total number of persons, inclusive of these parachutists, suspected of intentions to engage in espionage, and now held in Irish prisons, is ten foreign and two Irish nationals. These are the facts, and it is doubtful if any other country can show such a record of care and successful vigilance.

"The British Government have informed the Irish Government that they welcome the initiative of the American Government in sending the note and that they attached the utmost importance to it. The Irish Government do not wish to comment on this, except to remark that it is perhaps not known to the American Government that the feelings of the Irish people toward Britain have, during the war undergone a considerable change, precisely because Britain has not attempted to violate our neutrality.

"The Irish Government feels sure that the American Government would agree that it would be regrettable if any incident now should alter that happly result.

"The Irish Government are therefore safeguarding, and will continue to safeguard, the interests of the United States, but they must in all circumstances protect the neutrality of the Irish State and the democratic way of life of the Irish people. Their attitude will continue to be determined not by fear of any measures which could be employed against them, but by goodwill and the fundamental friendship existing between the two peoples."

From London March 13 the Associated Press reported that Great Britain had adopted tight restrictions on travel between Great Britain and Northern Ireland and Eire to prevent seepage of information, in a swift aftermath to Prime Minister Eamon de Valera's refusal to oust Axis diplomatic representatives from Eire. These advices added:

"Just two days after disclosure of the diplomatic exchange between Eire and the United States, the British Government announced that effectively immediately, 'no more permits or visas for travel between the two islands will be granted except for business or work of national importance.'

"It was reported widely at London that this was only the first step decided upon by Britain and the United States in a move to isolate neutral Eire. It was reported that closing of Eire's border with Northern Ireland was under consideration and that supplies of gasoline, wheat and coal for Eire were to be cut sharply to release every available ton of Allied shipping for invasion operations."

N. Y. Trade Board Supports Amendment Limiting Income And Inheritance Taxes To 25%

The New York Board of Trade through its President, Matthew G. Ely, has petitioned the New York State Legislature to pass the resolution supporting the 22nd Amendment to the United States Constitution. This Amendment would limit income and inheritance taxes to 25%. The Board stated that "such action would be incontrovertible evidence that we intend to preserve free enterprise when this war is over. It would assure reconversion to a peace-time basis and full employment by industry itself."

This action is being urged by the Legislatures of other States, and the New York Board of Trade hopes that New York will be put on record by this session of the Legislature in favor of such a move. A spokesman for the Board stated:

"This is the first step in putting a ceiling on Government spending in relation to the national income. It gives the first promise within recent years of an approach to a balanced budget and putting Federal financing on an even keel." A resolution to accomplish this purpose was introduced in the Senate by Senator Walter J. Mahoney, and in the Assembly by Justin C. Morgan. The resolution is now in the Rules Committee.

FHA Official Sees 350,000 To 400,000 Residential Units First Peace-Time Year

It was estimated at a meeting of the Mortgage Bankers Association of America at Chicago March 3 by Curt C. Mack, Washington, D. C. director of underwriting, Federal Housing Administration, that in the nation's first-peace-time year after the war, some 20,000 builders will construct between 350,000 and 400,000 dwelling units costing around two billion dollars. Mr. Mack spoke at the closing session of the Association's two-day mortgage conference at the Drake Hotel which was attended by more than 350 mortgage bankers, real estate men, Government officials, commercial bankers and title and trust company men from all over the country.

"But there won't be any revolutionary changes in building at the outset," he said. "Custom and tradition are potent market factors." This will be partly the result of the fact that buyers are still thinking generally in terms of the familiar cottage and not of some brand new kind of house regardless of how efficient functionally it may be, Mr. Mack pointed out.

It will be in the middle and upper middle price brackets where the most substantial production of houses will occur immediately after the war, he predicted. He added that "basically, however, the long-term continuing demand will be for the minimum cost house which will meet modern American living requirements. Experience has shown that the low-priced home has the greatest continuing market with correspondingly less mortgage risk."

Price range must be considered in relative terms because nobody yet knows the dollar amounts which will be applicable to these relative post-war prices, he explained.

In making plans for the post-war period, Mr. Mack pointed out that FHA has recommended that Title VI be dropped after the emergency. Much of the privately-financed war-time housing has been built under this section of the National Housing Act.

If the post-war building boom develops along the lines now being generally predicted, the country may likely find that while the demand for new construction is heavy, the demand for old houses will be proportionately light. H. O. Walther, Vice-President, Bell Savings and Loan Association, Chicago, said in his address. Mr. Walther was a member of a panel of four Chicago mortgage bankers which reported the results of a survey made by 12 members of the Chicago Mortgage Bankers Association especially for this meeting. The purpose of the study was to use Chicago as a "guinea pig" to determine the extent of the price rises for various kinds of real estate here in recent years and consider what the present market may mean for the future.

Business Failures Higher

February business failures, contrary to the trend that has been in evidence for some time, are higher in both number and the amount of liabilities involved. Business insolvencies in February, according to Dun & Bradstreet, Inc., totaled 132 and involved $3,108,000 liabilities as compared with 120 involving $1,708,000 in January and 422 involving $4,163,000 in February a year ago.

The increase in the number of failures in February over January took place in all of the divisions of trade into which the report is divided except the wholesale and retail groups which had fewer failures. When the amount of liabilities is considered, only the wholesale group had a smaller amount of liabilities involved in February than in January.

Manufacturing failures last month numbered 32, involving $2,032,000 liabilities, compared with 31 in January with $893,000 liabilities. Wholesale failures decreased from 13 to 10 and liabilities from $223,000 in January to $107,000 in February. In the retail trade section, insolvencies were lowered from 50 to 49 but liabilities rose from $304,000 to $391,000. Construction failures numbered 19 with $209,000 liabilities in February, which compares with 13 with $183,000 liabilities in January. Commercial service failures numbered 22 in February as compared with 13 in January and liabilities $369,000 in February as against $105,000 in January.

When the country is divided into Federal Reserve Districts it is seen that the Chicago, St. Louis, Kansas City and San Francisco Reserve Districts had more failures in February than in January, the Minneapolis Reserve District had only one, the same as in January, the Dallas Reserve District again did not report any failures while all the remaining districts reported fewer failures. When the amount of liabilities is considered, it is found that the Boston, New York, Chicago, Kansas City and San Francisco Reserve Districts had more liabilities involved in February than in January, while the remaining districts, with the exception of the Dallas Reserve District, which did not have any, had smaller amounts of liabilities involved in February than in January.

Mail Service To Corsica

Postmaster Albert Goldman at New York announced on March 7 that information has been received from the Post Office Department that, effective at once, regular (postal union) mail and parcel post service is resumed to Corsica. The rates and conditions applicable to mails for Corsica shall be the same as those applicable to mails for Algeria. Postmaster Goldman's announcement also says:

"As in the case of Algeria, regular mail articles and parcel post for Corsica may be of normal weight and dimensions without restriction as to the frequency of mailing. Mail intended for transmission by air shall be limited to letters in their usual and ordinary form weighing not in excess of 2 ounces, as provided by order No. 18605 of September 4, 1942.

"The licensing requirements of the Foreign Economic Administration (formerly the Office of Economic Warfare) are applicable to articles for Corsica."

The Financial Situation

(Continued from first page)

lished during the war are rich with meaning for the peacetime life of the nation in the future. It is indeed little short of criminal to teach the public to believe that there is any way under the sun by which we could produce precisely what the public wants in the relative amounts it wants at any such rate as we have been producing guns, tanks, planes and ships. It is still worse to add, as some have been doing, that this efficiency in production will enable manufacturers to sell goods at prices far below any common prior to the war.

This idea that "never again" are we to permit unemployment of much consequence, or poverty on a substantial scale, but, on the contrary, are somehow to overcome the shortcomings of the ages simply because "we must" in order "to save private enterprise," is a dangerous one to be teaching. There is no way in which we can accomplish the things we say we are going to accomplish, that we "must" accomplish, and we have already suggested what is to be done in the event we fail. That is, to enter upon some sort of state socialism which can never do nearly so well as we have always done. There is no need to be figuring how many houses, how many automobiles, how much of this and that will be "needed" in the first two or three peace years. We shal "need" a good deal more than we shall have under any system that we may adopt—that is, many people will want more and often, doubtless, would be more comfortable with more. There will likewise be many individuals who will not earn more. If they are determined to introduce some new social system in this country because they do not get what they do not earn, and if the rest of us are ready to permit them to do so, then there is not very much hope left of moving forward in this country in the future as in the past.

"Helping" Business

Quite possibly the most dangerous of all these current suggestions about postwar policy is the thought that private enterprise may need help to create the conditions we in our wisdom have concluded are essential. The notion appears to the unthinking to be so plausible, the error in the reasoning is so subtle, and the approach is one which the enemy of free enterprise can use without doing injury to the feelings of the friend of the American system—the friend who is likely if he is not on the alert to pay for his credulity through the nose. The New Deal has made the idea so commonplace that the Government by spending large amounts of money helps or stimulates business.

The fact of the matter is, of course, that programs of the sort here under discussion do not, and cannot help, but must act as a handicap to legitimate private enterprise. It is true, of course, that certain concerns, sometimes possibly certain branches of business are given a considerable fillip in this way. Office machine makers, for example, certainly have reaped a direct and an indirect harvest from the New Deal and all its works. Not only does the Government itself require many times as many such machines as ever before, but all the accounts and forms and reports required of private business multiply the need for such machines. This, however, is a vastly different thing from saying that business as a whole has benefited.

The Reasons Why

The reasons why business can not be stimulated as is thus proposed are not far to seek. In the first place, no matter what field the Government enters (apart from road building and a few other similar activities) it is almost certain to be competing directly or indirectly with private enterprise. Now private business can not operate upon the President's quarterback theory. It must invest substantial sums of money in its enterprises, and it must be able to see conditions reasonably favorable to its operations for a number of years to come at the very least. If it is eternally fearful that the Government may move into its field and operate without a profit, or at a substantial loss in competition with it, there is no basis upon which it may proceed. Again, the Government, if it is to "aid" private enterprise in the way mentioned, must have the funds with which to do so. This means that it must either tax them away from private enterprise or create them by fiat. Either procedure must of necessity discourage, not encourage private business. The most valuable assistance Government can give private business is to keep the rules under which it must operate as simple, as just and as stable as possible—and then keep out of the way. Any other program, no matter by what name it may be called, will not help, but hurt business.

Another strange set if ideas are those which assign peculiar roles to our foreign policy in creating this wonderful new world envisaged by the dreamers. "Industrialization" has become a word to conjure with. India, Africa, and, indeed, nearly all parts of the globe which have not already undergone the process, must, so these planners seem to suppose, be industrialized at once to the immense profit of the American and the happiness unbounded of the native. That this is a childish conception of the situation need scarcely be asserted. Industrialization may or may not be profitable to any one, depending upon many considerations—and certainly worldwide industrialization of the sort suggested these days would leave us looking for markets.

National Bank Receiver May Collect Assessment From Holding Cos. For Bank's Creditors

The United States Supreme Court in a 5 to 4 decision on March 8 held that a receiver of a national bank may collect an assessment from stockholders of a holding company for the benefit of the bank's creditors. The four minority Justices in criticizing the views of their five colleagues declared that "the Court is not enforcing a policy of Congress; it is competing with Congress in creating new regulations in banking, a field peculiarly within legislative rather than judicial competence." The minority opinion, written by Associate Justice Robert H. Jackson, with Associate Justices Owen J. Roberts, Stanley Reed and Felix Frankfurter concurring, contended in their dissent that they had been unable to find that Congress "ever announced a legislative policy such as the Court announces." The Associated Press, Washington advices, further indicated as follows the views of the minority:

"Congress nowhere has said that the stockholders of a corporation that is not a banking association shall be liable to assessment because the latter corporation held some or all of the stock of a national bank," the dissent declared. "Indeed, the history of banking legislation shows that Congress has considered the problems created by the holding company and not only has failed to adopt such a policy as the Court is declaring but has made other provisions inconsistent with such a policy."

Associate Justice Jackson declared that if it were within the province of the Court "we could be at liberty candidly to exercise discretion toward the undoing of the holding company." But he said the dissenters were of the opinion that "no such latitude is confided to the Judges."

The Court, he asserted, is professing to impose the liability "not as a matter of Judge-made law but as a matter of legislative policy" when "it cannot cite so much as a statutory hint of such policy."

By its decision, he said, the Court is making the holding company a "windfall" to bank creditors "by extending the liability to persons never otherwise reachable." He predicted that it would take a lot more decisions to clarify the one made today.

In the majority ruling it was held that shareholders of a bank-stock holding company are subject to double liability under Federal laws, although the charter of the bank-stock company provided that stockholders "should not be subject to the payment of corporate debts to any extent whatever." Advices to the New York "Journal of Commerce" from its Washington bureau March 6 in reporting this also had the following to say regarding the conclusions of the majority:

"The policy underlying double liability is an exacting one," the Court said. "Its defeat cannot be encouraged through the utilization of financial devices which put a premium on ignorance."

The Court denied that a State's chartering powers can "endow its corporate creatures with the power to place themselves above the Congress of the United States and defeat the Federal policy concerning national banks which Congress has announced."

The Supreme Court's decision was handed down, with the Justices dividing 5 to 4, on the question raised in A. M. Anderson, receiver of National Bank of Kentucky, against Katherin Kirkpatrick Abbott, et al.

The case involved Banco Kentucky Co., chartered in Delaware, and organized by the management of the National Bank of Kentucky and the Louisville Trust Co.—both Louisville banking houses. Banco acquired most of these banks' shares in exchange for its own. In November, 1930, a receiver was appointed for the Bank of Kentucky as well as for Banco. The following year the Comptroller of the Currency assessed the bank's shareholders for $4,000,000 and notified Banco's stockholders that he planned to proceed against them for collection of any amounts which could not be obtained from the bank.

Subsequent to this, the receiver of the bank sued Banco's stockholders to recover from each his proportionate share of the Comptroller's assessment.

The Court held that a receiver may sue the record owner or the actual owner of shares of a national bank on the statutory assessment. That the creation of Banco constituted a "sham" or an effort to avoid double liability was not involved, the Court said. But it reasoned that "one who is legally irresponsible cannot be allowed to serve as an insulator from liability, whether that was the purpose or merely the effect of the arrangement."

The majority decision, written by Justice Douglas, denied that the effect of its ruling was that every stockholder of a national bank who sells his shares remains liable because his transferee turns out to be irresponsible or impecunious.

"But where after the sale he retains through his transferee an investment position in the bank, including control, he cannot escape the statutory liability if his transferee does not have resources commensurate with the risks of those holdings.

"In such a case he remains liable as a 'stockholder' or 'shareholder' within the meaning of these statutes to the extent of his interest in the underlying shares of the bank. For he retains control and other benefits of ownership without substituting in his stead any one who is responsible for the risks of the banking business."

The point on which the minority sharply attacked the Court's decision turned on the fact that double liability was applied not only to Banco stockholders who held their securities in exchange for the bank's stock, but to non-bank stockholders who purchased Banco shares for cash.

"Stock purchasers for cash have at no time owned a stock that purported to carry double liability," the minority Justices declared. "On the contrary, by the terms of the stock certificates and by the law of the corporation's being, their shares were fully paid and non-assessable. These stockholders cannot be said in any way to have assumed any express or implied contractual assessment liability.

"No statute of the United States and no applicable State statute then or since has purported to impose a double liability upon these holding company shares. No controlling precedent in this Court at the time these stockholders purchased or since (until today) purported to attach a double liability to such shares."

While the minority stated that holding companies "as utilized in this country" have been "with a few exceptions, a menace to responsible management and sound finance," the Court is given no such "latitude" as is here exercised.

To Confer On Present And Post-War Problems Of Air Commerce At N. Y. Meeting

For the first time in their history, foreign freight forwarders, customs brokers, carloaders, and others interested in shipping by air, will hold a luncheon conference with air cargo experts of the various airlines serving New York, Railway Express Agency and other transportation agency officials on Thursday, March 28th at the Downtown Athletic Club. Attendance is expected to be large due to the uniqueness of the approach to the present and post-war problems on Air Commerce. A panel of experts from the airlines and interested trade groups are being brought together by the Aviation Section of the New York Board of Trade, under whose auspices the conference is being held.

John F. Budd, editor and publisher of "Air Transportation" and chairman of the Aviation Section, will preside. Among the foreign trade and commerce leaders chosen for the panel are: Harry K. Barr, President of Barr Shipping Co. and President of Steamship Freight Brokers Association, Inc.; Fred Bennett, partner of M. J. Corbett & Co. and President of the New York Foreign Freight Forwarders and Brokers Ass'n, Inc.; Theodore Mercer, Vice-President of the Hudson Shipping Co. and Vice-President of New York Customs Brokers Ass'n, Inc.; Walter Hedden, Director of Port Development, and James Buckley, principal economist of Port of New York Authority; George F. Bauer, international trade consultant on air commerce; Chester M. Mayer, President of Air Express International Agency, Inc.; Herbert Lyall, eastern traffic manager of American Airlines and Chairman of the Aviation Section's Committee on Airline Operators: Lyle C. Ray, Executive Vice-President of the Aviation Packaging Co.; J. D. Malcolmson, technical director of the Robert Gair Co. (shipping containers); J. H. Butler, traffic executive, Railway Express Agency, and others.

The advices from the New York Board of Trade state: "The occasion will serve to break down some false conceptions about air cargoes, their size, place in shipping and amount of possible traffic and to give the airlines a trade acquaintanceship with the men who actually do the business in air shipping. Handling of air cargoes on a lare scale within the Port of New York will also be told by authorities from the New York City Department of Marine and Aviation and the Port of New York Authority."

On Mpls. Reserve Staff

Appointment of Oscar F. Litterer as statistician of the Minneapolis Federal Reserve Bank was announced on March 5 by Dr. Arthur R. Upgren, Vice-President and economist of the bank, according to the Minneapolis "Journal," which further said: "At the same time he named Franklin L. Parsons as agricultural economist of the bank. Mr. Litterer formerly was research economist of the Committee for Economic Development of New York City, while Mr. Parsons has been Associate Professor of Economics at Kansas State College."

International Conferences On Money, Oil, Shipping And Aviation Planned

Reporting that a half-dozen international conferences on the problems of post-war world reconstruction, many highly controversial, were emerging from diplomatic gossip into reality on March 8, advices from Washington on that date to the New York "World-stated that these conferences, designed to pave the way to lasting Telegram" by John A. Reichmann, United Press Staff Correspondent, world peace, involve:

"1. Maintenance of adequate world petroleum reserves so that a civilization highly dependent on oil can survive despite the heavy consumption of oil in the war.

"2. Stabilization of world currencies to prevent peacetime economic warfare.

"3. Plans to assure the world 'freedom from want' and 'freedom from fear' through an enlightened approach to labor problems and social security.

"4. Maintenance of peace and order during the transition from war to peace by providing rehabilitation of liberated areas.

"5. Disposition of the world's shipping lanes and of the huge fleets created to move men and material to the fighting fronts in such manner as to safeguard the nations whose economy is built on world shipping.

"6. Arrangements for post-war aviation, a topic enlivened by the fact that in almost all countries a political issue is evolving around its own right to dip into world air traffic and to compete for trade on an equal basis."

The advices from which we quote added:

"The first meeting on oil reserves was announced yesterday by Acting Secretary of State Stettinius. It will be held in Washington soon and will be strictly Anglo-American.

"The monetary conference in early spring will involve chiefly this country, the United Kingdom and Russia.

"Freedom from want and fear will be dealt with in a quasi-official way at Philadelphia, beginning March 20, when the International Labor Office holds its 26th annual meeting. It will prepare resolutions to guide governments in dealing with post-war problems of unemployment and social security.

"A second meeting of the United Nations Relief and Rehabilitation Administration Council is scheduled for not later than June. It probably will meet in Montreal.

"Little is known about the shipping conference other than that it is under discussion.

"Joseph C. Grew, former Ambassador to Tokyo, will head the aviation conference."

Life Insurance Companies Paid $41,800,000 In Death Benefits To Service Men In 1943

Total death benefits of $41,800,000 were paid in 1943 by American life insurance companies under 31,600 civilian policies owned by members of the armed forces and merchant marine, it was announced on March 7 by the Institute of Life Insurance. This brought the aggregate death claims on service men since the start of the war to $59,400,000 under 43,500 policies. The announcement went on to say:

"The civilian life insurance owned by service men is making an important contribution to the security needs of dependents at home," the Institute said. "The service men own a large aggregate of this civilian life insurance, maintained from pre-war days, in addition to their National Service Life Insurance, the combined protection giving them a large bulwark of protection for those at home."

At the same time, the Institute pointed out, war-caused death claims on service men have not yet been an appreciable part of the total death benefits of the life insurance companies. Preliminary estimates indicate that the increase in civilian mortality on the home front contributed more to last year's increase in death benefits than did the war claims among service men.

Analysis of the claims paid during 1943 on service men shows that 13,940, involving $16,100,000 in benefits, were on the lives of policyholders killed in action. These represent only 1.5% of total life insurance death benefits paid in the same period.

Deaths from accidents or other external causes resulted in 13,010 claims for a total of $17,600,000 or 1.6% of total U. S. death benefits paid.

Deaths from diseases among the service men accounted for 4,650 claims in an aggregate of $8,100,-000 or 0.7% of total death benefits paid in the U. S.

Combined, the 1943 total death benefits paid under policies on the lives of service men amounted to 3.8% of the total U. S. death benefits paid under all life insurance in force.

More than 40% of the death benefits on the lives of service men was paid in the last six months of 1943. These payments have increased consistently since the start of the war, with $17,-600,000 paid under 11,900 policies in the entire period up to the end of 1942; $17,500,000 under 12,200 policies in the first half of 1943 and $24,300,000 under 19,400 policies in the last half of the year.

Claims on those killed in action increased from $5,900,000 under 4,460 policies in the period up to the end of 1942, to $6,500,000 under 5,100 policies in the first half of 1943 and $9,600,000 under 8,840 policies in the second half of 1943.

From Washington Ahead Of The News

(Continued from first page)

swollen wages, they should get in on the gravy.

They are in the same boat, the New Dealers and the CIO are. If Mr. Roosevelt fails in his Fourth Term try they both go down together. There are some old-timers in the CIO leadership, such as Phil Murray, who undoubtedly would fit into the AFL. The ones who would be sunk are the intellectuals—the professors, the sociologists and the economists who have saddled themselves on this "labor" movement to the disgust of the AFL trade unionists and who are responsible for its ambitious ramifications. These taxed war workers are, in fact, affording a haven for one of the most interesting collections you have ever seen, including defeated politicians and frustrated bureaucrats. Only recently it was announced that former Congressman McKeough, of Illinois, had become the CIO's "political" adviser. When Congress succeeded in getting C. B. "Beanie" Baldwin out of the Farm Security Administration, he landed up with the CIO. These are but two of the many New Dealers now in on this war bonanza.

The CIO has been in the forefront of the campaign against Congress. It was the spearhead of the soldier vote agitation and in the support of subsidies. There is the impression that it has, indeed, become the holding company for other agitating groups. It is a fact that the much-touted Farmers' Union gets its financial support from this CIO gravy. Along with its "parent" organization, the CIO, it has been agitating to maintain the Farm Security Administration which Congress would like to abolish.

It is a commentary on the operation of this well-greased "movement" that both the CIO and the "Farmers Union" professed indignation over the recent appointment of W. L. Clayton to be the surplus materials administrator under the Baruch report. Mr. Clayton, they pointed out, is or was the largest cotton producer in the world, a conservative who contributed to Willkie's 1940 campaign.

Nothing came of the protest and the shrewder observers of the Washington scene noted that the indignation seemed to be of the tongue in the cheek kind. Mr. Clayton's appointment was a very conservative one and undoubtedly made as a gesture to the conservatives. But the fact is, of course, that the question of who is surplus materials administrator will not be so important for several months and when it does become important, Mr. Roosevelt could very easily make a change. This is one of the reasons Congress is very determined to write its own reconversion program into law. The purpose of the CIO-Farmers' Union propagandists in protesting Mr. Clayton's appointment was to further advertise the conservative gesture involved and aid in the deception which the Administration is trying to play. It should be noted that Mr. Roosevelt has not yet announced the Baruch plan to be his own or the Administration's program.

If Congress should get into the CIO it would develop a very interesting story, indeed.

Dr. Spahr Sees Danger In Declining Reserve Ratios And Treasury Financial Domination

(Continued from first page)

first opportunity, and these movements may take the form of gold exports. In addition, our gold will tend to move out for a multitude of other purposes because of this same pressure.

"Most of these pressures are operating in the direction of a further and perhaps unexpectedly sharp decline in the reserve ratios in the Federal Reserve banks. The edging of the Federal Reserve banks, by the Treasury, out of proper performance of their functions is fundamentally an unsound piece of business. In the end, the American people apparently will have to learn this lesson the hard way. The Reserve banks should be in a position to exercise their normal controls, with very few war-time exceptions. Treasury domination and control and interference should be reduced and finally eliminated as rapidly as possible.

"If Treasury control and artificially low interest rates continue much longer, with the Reserve authorities merely the puppets of Treasury policy, we are headed for serious trouble.

"This picture, combined with the consideration of plans to have the Treasury contribute millions and billions of dollars to this program and that for international rehabilitation, currency stabilization, and so on, should suggest the wisdom of pulling up sharply and taking a good look at this trend of programs and policies.

Watering or Diluting the Reserves of Federal Reserve Banks

"Another matter to which Congress has persistently shut its eyes is the diluting of the reserves of the Federal Reserve System. This is another instance of too much United States Treasury influence in the monetary picture—permitted or forced by Congress. As an example of the latter, overvalued silver certificates have been going into the reserve structure rather steadily under pressure of the silver subsidy policy.

"Perhaps the most important case of bad practice permitted by Congress is the injection of $660,-000,000 of fiat paper money into the reserves of the Federal Reserve System by the manipulation of these notes by the Treasury and Reserve authorities, beginning Dec. 12, 1942.

"By that juggling, sleight-of-hand, 'retirement' before issuance transaction, the Federal Reserve Bank notes (National Currency notes) were made assets (lawful reserves) of these banks, and in the form of fiat money at that whereas under the law these notes are supposed to be Reserve Bank liabilities while they are being issued. While the Treasury and Reserve authorities gave the Reserve banks $660,000,000 of fiat money for reserves — an illegal transaction on every count—the Treasury, by this same transaction, handed itself a deposit credit in the Federal Reserve banks to the extent of $660,000,000—also an illegal transaction on every count.

"Watering down the reserves of the Federal Reserve banks with fiat money is a bad piece of business at any time; but it is doubly bad when the reserve ratio is falling rapidly and when reserves need to be good—not watered milk!

"The investigation made by a few members of Congress of this Federal Reserve bank note affair in January and February, 1943 was not competent. The Congressmen were overwhelmed with technicalities thrown at them by the Reserve and Treasury officials and effectively bluffed out of the picture.

"Let any Congressman take the *Federal Reserve Bulletin* for January, 1944, consult the table "Kinds of Money in Circulation" (p. 67), look at the column on Federal Reserve Bank notes, and see how the volume of these notes in circulation has increased every month, beginning December, 1942 (The February, 1944, *Bulletin*, because of the changes in tables, is not so useful since it obscures the facts.) Then let him look at "Treasury Currency" on the same page and he will see that these notes are Treasury liabilities—not liabilities of the Reserve banks as they are legally supposed to be while being issued. Then the Congressman should look at the last line of the footnote at the bottom of the page: There he will find it said that "Federal Reserve Bank notes and national bank notes are in process of retirement." In short, the table will show him that the Federal Reserve Bank notes in circulation are steadily increasing while the footnote says they are "in process of retirement." Then the Congressman should ponder that!

"This conflict of assertion with fact grew out of the Reserve officials' contention, while being investigated in January-February 1943, that they 'retired' these notes before they were issued by the Treasury!

"Next, if he thinks it proper for the Treasury to issue these notes let him read the Federal Reserve Act.

"Finally, if the Congressman thinks these notes are not fiat money, let him look at the admission of the then Acting Secretary of the Treasury, Daniel Bell, who conceded, under questioning by Representative Frank Keefe of Wisconsin, at hearings before the Subcommittee of the House Committee on Appropriations, Jan. 18 1943, that they are precisely that —just like unsecured United States notes.

"With these facts and admission available, Congress still let the Treasury and Reserve authorities get away with this manipulation —perhaps the worst one that has ever marred the monetary history of this country.

"It is a fine illustration of what administrative agencies can do right under the nose of Congress if there are sufficient technicalities thrown up to distract and confuse the busy Congressman."

NY Trade Bd. Petitions Assembly To Pass Trade Practice Bill

Matthew G. Ely, President of the New York Board of Trade, has petitioned the Assembly to pass the Trade Practice Bill which would outlaw fake wholesalers and those who offer merchandise under other false pretenses. Mr. Ely acted by direction of the Board of Directors which, though representing many lines of business, voted overwhelmingly in favor of the principle of this bill.

The recommendation was made by the Board's Central Mercantile Section. Leonard Ginsberg, President of Hearn Department Stores, Inc., as Chairman of the Section's Executive Committee, presented the matter for action by the general body.

Speaking on this subject, Mr. Ginsberg stated: "This bill, if enacted, will protect the public, raise business standards and return to Government, the taxes due it. It will prevent deception and fraud now carefully concealed from those who are not specialists. The law will insist that businessmen 'tell the truth' in offering merchandise to prospective buyers. Honest businessmen have nothing to fear, but it will clamp down hard on those who pose as merchants but practice the wiles of the imposter. It will assure payment to the city, the State and the Federal Government of their share of sales taxes, business turnover taxes, income taxes and the like. The public, the merchant and Government have everything to gain and nothing to lose in the prompt enactment of this measure."

Mr. Ely's telegram to the members of the Rules Committee of the Assembly read as follows:

"The Directors of the New York Board of Trade by overwhelming vote unqualifiedly endorsed the purposes and principles of proposed New York State Trade Practice Bill which seeks to prevent serious diversion of business from legitimate channels of retail distributioin. It would materially benefit consumer as well as large and small established retailers. It would protect Federal, State and City Governments from tax losses."

February Construction Contracts Above Jan.

Construction contracts awarded during February totaled $137,246,-000 in the 37 eastern States, according to F. W. Dodge Corporation in a report made public March 13. This was an average of $6,238,000 per working day and was slightly above the January daily average. The February total, however, was 65% below the corresponding month last year.

Contracts let for heavy-engineering work were valued at $55,-116,000 as compared with $50,333,-000 in the preceding month and $112,981,000 in February, 1943. Both building classifications were below January, 1944 and February, 1943 with valuation totals of $57,-269,000 for non-residential and $24,861,000 for residential building. Numbers of new dwelling units created during the month, 7,138, also represented a drop from 10,577 in the preceding month and 24,703 in February a year ago.

Revised List Of Essential Activities

A revised list of essential activities was released on Feb. 25 by the War Manpower Commission. All changes up to and including Jan. 15, 1944, are included, says the Commission, which states that announcement of the changes have been made from time to time but this is the first complete list published since December, 1942. The Commission likewise says:

The list serves as a general guide upon which manpower programs for allocating labor to the different needs are based. It is primarily designed for use of the United States Employment Service and the Selective Service System. The employment stabilization programs of WMC set forth the conditions under which workers may transfer from job to job, the conditions varying in accordance with whether or not the worker has been or is currently employed in an essential activity. The list is used by USES offices in determining the essentiality of the worker's employment. Selective Service Boards use the list in reviewing requests for occupational deferment.

An Interdepartmental Committee on Essential Activities was established by WMC in July, 1942, consisting of representatives of WMC, the Selective Service System, the War and Navy Departments, the War Production Board and the Department of Agriculture. This committee is authorized to make a continuous review of the activities and occupations classified as essential and to make recommendations as to the content and use of the list. Since its establishment it has met regularly to carry out its functions.

The Committee has followed the practice of requesting the participation of representatives of various governmental agencies in the consideration of activities and occupations in which the respective agencies have a special responsibility. Representatives of industry, trade associations, and other organizations wishing to make recommendations concerning the lists have been required to submit their recommendations in writing, although members of the committee and its technical staff have been available at all times for conferences. Provision is also made for hearings before a subcommittee so that such representatives may supplement and elaborate upon their recommendations.

The criteria followed in determining whether or not an activity is to be included in the List of Essential Activities are prescribed in WMC Directive No. 1. These criteria are as follows:

(1) Activities directly engaged in the production of war materials such as ships, aircraft, guns, etc.;

(2) Activities necessary for the maintenance of the production of war materials included in No. 1 above, such as mining, communication, transportation; or

(3) Activities essential for the maintenance of national safety, health, and interest, such as medical, nursing, and welfare services.

The collateral tests taken into account after it has been decided that an activity meets one or more of the above criteria are:

(1) Are the facilities and resurces for maintaining the production of the item under consideration adequate to meet minimum wartime needs?

(2) If the facilities and resources are adequate and urgent war needs are not being met, could such needs be met through the establishment of production and distribution controls?

(3) If the facilities and resources are inadequate, is the shortage of manpower one of the factors that limit the production?

The list of activities constitutes the determination of those that have been declared essential on the basis of the above criteria.

The list consists of 35 broad categories. The specific references made to the products, services, and facilities are only generally descriptive of the types of activities regarded as essential.

List of Essential Activities

1. Production of Aircraft and Parts—The production, maintenance, and repair of aircraft, gliders, parachutes, dirigibles, balloons, aircraft engines, aircraft parts, pontoons, propellers, and similar products.

2. Production of Ships, Boats, and Parts—The production, maintenance, and repair of ships, boats, ship and boat parts and equipment.

3. Production of Ordnance and Accessories — The production, maintenance, and repair of firearms, guns, howitzers, mortars, gun turrets and mounts, tanks, sighting and fire-control equipment, torpedo tubes, and similar products.

4. Production of Ammunition—The production of bombs, mines, torpedoes, grenades, chemical warfare projectiles, explosives, fuses, pyrotechnics, as well as products such as glycerin which go into the manufacture of ammunition.

5. Agriculture and Commercial Fishing — (a) Agricultural Products — Livestock and livestock products, including beef cattle, dairy cattle, hogs, poultry, sheep, and goats; fiber, oil crops, and potatoes, including castor beans, American-Egyptian, Sea Island and Upland cotton, flaxseed and soybeans, hemp, peanuts, Irish potatoes, and sweet potatoes; field crops, including barley, dry field peas, oats, rye, wheat, alfalfa hay, alfalfa, hay seed, cover crop seed, broomcorn, corn for grain and silage, dry edible beans, green peas for processing, rice, sweet corn, hybrid seed corn, grain sorghum, tame hay and seed, wild or native hay; pineapples, tree fruits, small fruits and berries; medicinal, insecticide, and rubber plants; vegetables for fresh consumption and processing; vegetable plants and seeds; other food and special crops, including honey, tree nuts, sugarcane for sugar and syrup, sugar beets, sugar beet seed, sorghum and sorgo syrup, and tobacco.

(b) Agricultural Services—Agricultural, horticultural, and animal husbandry services such as: Commercial poultry hatcheries, seed processing, animal breeding, crop disease protection services, initial processing services such as ginning, compressing, threshing, cleaning, shelling and curing, irrigation services, farm repair and maintenance services, farm product assembly services, all of which are performed on a substantially year-round basis to essential activities related to essential crops and livestock enterprises indicated in Selective Service Local Board Release No. 164; grist milling (custom); ice harvesting.

(c) Commercial Fishing — Including fish hatcheries (conservation or commercial) and sponges: Gathering, bleaching, cutting, and trimming.

6. Processing of Food — Meat packing and slaughtering (including poultry), production of dairy products, eggs, fish and nuts, fruits and vegetables and their juices, soups, flour and other grain mill products, prepared feeds for animals and fowls, starch, cereals, rice, bread and other bakery products, sugar, leavening compounds, corn syrup, fats and oils, ice. Includes dried, preserved, dehydrated, frozen, canned, and other special-processed foods.

7. Forestry, Logging, Lumbering, and Forest Industries—Timber tracts and logging camps, cutting of pulpwood, wood for tanning extract, charcoal, sawmills, veneer, cooperage-stock, planing, and plywood mills, raising of tung oil trees; fire prevention, pest control; forest nurseries and reforestation services; gathering of gums and barks for the manufacture of naval stores and medicinal purposes.

8. Contruction — Highway and street construction; marine construction; construction of approved industrial plants, houses, hospitals, and military projects; repair of such facilities; and services necessary to complete such construction.

9. Coal Mining—The mining of anthracite, bituminous, and semi-anthracite coal, lignite, and peat, and the operation of breakers or preparation plants. Includes also removing overburden and other such activities preparatory to coal mining operations.

10. Metal Mining—The mining of iron, copper, tin, lead, zinc, aluminum, mercury, manganese, chromium, molybdenum, tungsten, vanadium and similar ores, and the dressing of such ores. Includes also removing overburden, sinking shafts, and other such activities preparatory to metal mining operations.

11. Nonmetallic Mining and Processing and Quarrying — The mining, processing, or quarrying of salt, gypsum, phosphate rock, sulphur, potash, asbestos, graphite pyrites, graphite, borates and other salines, fluorspar, mica, talc, abrasive sands, calcite (optical), and similar essential products.

12. Smelting, Refining and Rolling of Metal: Scrap Salvage—Primary and secondary smelting, and refining, alloying, rolling, and drawing of iron, steel, copper, lead, zinc, magnesium, aluminum, brass, bronze, nickel, tin, cadmium, ferro-alloys, and any other metals used in the production of war materials; and scrap salvage.

13. Production of Metal Shapes and Forgings — The manufacture of castings, die castings, forgings, wire nails, chains, anchors, axles, pipe, springs, screws, bolts, tubing, stampings, pressings, structural shapes, and machined parts.

14. Finishing of Metal Products—Enameling, japanning, lacquering, painting, plating, galvanizing, aluminum coating, polishing, rustproofing of metal products; sherardizing, retinning of cans and utensils.

15. Production of Industrial and Agricultural Equipment — Power boilers, wiring devices and supplies; agricultural implements; electric lamps; storage and primary batteries; pumps, compressors, and pumping equipment; recording, controlling and measuring instruments and meters; conveyors, industrial cars and trucks; blowers, exhaust and ventilating fans; mechanical power-transmission equipment, such as clutches, drives and shafts; mechanical stokers; tools, files, and saws; plumbers' supplies; professional and scientific instruments, photographic apparatus, and optical instruments; and all equipment necessary to operate plants producing essential commodities.

16. Production of Machinery — Engines and turbines; metal working machinery and equipment; electrical generating, distribution, and industrial apparatus for electric public utility, manufacturing, mining, transportation, and construction use, for use in manufactured products or in service industries; construction, mining, agricultural, oil field, smelting, and refining machinery, as well as all machinery necessary to produce, equip, and maintain aircraft, ships, ordnance, and other military equipment.

17. Production of Chemicals and Allied Products — Industrial organic chemicals: Coal and petroleum crudes, coal tar intermediates, dyes, color lakes and toners, explosives and components of explosives, synthetic fibers, synthetic rubbers, plastics materials, non-coal-tar intermediates and solvents and miscellaneous organic chemicals; gum and wood chemicals, plasticizers, rubber chemicals, and tanning extracts. Drugs, medicines, and insecticides: Drug grinding; crude botanical drugs, botanical drugs, derivatives, and synthetic equivalents, biological products, drugs of animal origin, pharmaceuticals for use in proprietary remedies and prescriptions, insecticides, fungicides, fumigants, rodenticides, and laboratory animals for biological and pharmaceutical experimentation. Heavy inorganic chemicals: Acids, alkalies, carbonates, and miscellaneous heavy chemicals. Industrial, industrial fine and related inorganic chemicals; inorganic compounds. Fertilizer materials: nitrogenous, phosphatic, and potassic fertilizer materials, mixed fertilizers, organic nitrogenous materials, and agricultural liming materials. Paints, varnishes, pigments, and allied products: Color pigments, ester gums and resins, thinners, paint dryers, wood fillers and whiting. Compressed and liquefied gases: Gaseous hydrocarbons, elemental and nonhydrocarbon gases. Vegetable and animal oils and fats: Animal oils and fats; vegetable oils. Miscellaneous chemicals and chemical products: Bleaching compounds, boiler treating compounds, catalysts, chemical cotton pulp, emulsifiers, matches, oil treating compounds, photographic and pharmaceutical gelatin, synthetic resin adhesives and glue, analytical reagents, water treating compounds, and wetting agents, including sulfonated oils. (Fireworks, pyrotechnics, and flares are included with ammunition in Group 4, salt and crude sulphur in Group 11, and magnesium metal in Group 12.)

18. Production of Rubber Products—All rubber products.

19. Production of Leather Products—The production of shoe and belting leather; industrial belting for transmission of power; saddlery, harness, and accessories; military and rationed boots and shoes; infants' shoes (sizes through 4); gloves for military and industrial use; leather garments.

20. Production of Textiles — Production of textiles including the processing, manufacturing, bleaching, dyeing, printing, and other finishing of textile cordage, fabrics (excluding wool or fur felt for hats and fancy fabrics such as brocades, chiffons, damasks, laces, velvet, etc.), fibers, nets, rope, twine, yarns, made of or using any of the following materials: Animal hair (other than wool) such as bristles, alpaca, etc.; asbestos, cotton, fibrous glass, flax, hemp, henequen, jute, kapok, manila, nylon, rayon, rubber, silk, sisal, shearlings; waste (processed), wool, other synthetic filaments or fibers.

21. Production of Apparel—Apparel for the armed forces; work clothing; snowshoes; the following infants' and children's wear (woven and knit) when produced under War Production Board's "Critical Infants' and Children's Apparel Production Program No. I:" (1) Underwear and nightwear (a) through age 6—bands, crib blankets, diapers, gowns, kimonos, pajamas, panties, shirts, sleepers, training panties, wrappers; (b) age 6 through age 16—bloomers, briefs and/or shorts (boy's), pajamas, panties, sleepers, slips, union suits (heavy weight), vest pants; (2) outerwear (a) through age 6—coat and legging sets, snow suits, sweaters; (b) age 6 through age 16—jackets, long pants and/or slacks (boy's), mackinaws, short pants (boy's), sweaters; (3) Play togs (a) through age 6—overalls (toddler's rompers and/or creepers), sun suits, wash suits; (b) age 6 through 16—polo shirts; (4) Utility garments (a) through age 6—anklets, coveralls, dresses, dungarees, overalls, ribbed hose; (b) age 6 through age 16—coveralls, crew sox (boy's), dungarees, overalls, shirts (boy's), work gloves (small, medium, large).

22. Production of Stone, Clay and Glass Products — Scientific and industrial glass products; acid-proof brick, firebrick, and other heat-resisting clay products; chemical lime; abrasive wheels, stones, paper, cloth and related products; asbestos products including steam and other packing; pipe and boiler covering; crucibles and retorts; gypsum board; mineral wool (for insulation); procelain electrical supplies; as well as parts of military apparatus.

23. Production of Petroleum, Natural-Gas and Petroleum and Coal Products — Drilling, rig-building, and maintenance service operation and petroleum refining. Includes also production of tar and pitch, coal gas, coke, and liquefied petroleum gas.

24. Production of Finished Lumber Products—Cork products such as life preservers; storage battery boxes; insulating material; cars; matches; crutches; caskets; wood preservation activities; buildings, portable and prefabricated; wood base hardboard. Includes also wooden parts of aircraft, ships, and other military equipment.

25. Production of Transportation Equipment—The production of motor vehicles such as trucks, ambulances, fire engines, busses and military motorized units; essential parts and accessories of such motor vehicles; motorcycles, bicycles, and parts; locomotives and parts; railroad and street cars, and equipment.

26. Transportation Services—Air transportation; line-haul railroad; switching and terminal; railway and air express; freight forwarding; rail inspection; maintenance and repair of railroad equipment, buildings, right-of-way, and rolling stock; local transit, rapid transit, interurban electric railway, and over-the-road bus; offshore and intercoastal water transportation, including shore service such as stevedoring and harbor operations; pipeline transportation; transportation services on the inland waterways, Great Lakes, harbors, bays, sounds, and waters connected with the seas, including shore service such as stevedoring; trucking; warehousing; dry, open and cold storage of essential (perishable and nonperishable) commodities.

27. Production of Pulp, Paper and Materials for Packing and Shipping Products:

(a) Production of the following pulp, paper, paperboard, and converted products — Pulp (made from pulpwood and other substances); the following types of paper stock and paper board: Absorbent for impregnation, asphalt laminating, blueprint, box board, butcher papers (untreated and treated), cable and electrical insulation, carbonizing, chart and map (Government), condenser tissue, container board, drafting, filter, fruit and vegetable wrapping tissue, gasket, glassine, grease-proof, gumming, mandrel winding stock, pattern tissue, photographic and other sensitized, rope and jute, safety base stock, sanitary (sanitary napkin stock, toweling stock, napkin stock, toilet tissue stock, hospital wadding stock), shipping sacks stock, tabulating card stock, tracing, twisting and spinning, vegetable parchment, waxing, wet machine board, wrapping (machine finished and machine glazed); the following converted products from paper and paperboard: Ammunition and shell cases, carbon, envelopes used for shipping and preserving essential products, fiber drums, gummed paper tape, hospital wadding, laminated waterproof and heavy crepe, liquid tight containers and closures, mandrel wound mesh cloth and fabrics, napkins, nested paper cups, nested paper food containers (excluding paper plates), paperboard boxes and shipping containers, sanitary napkins, shipping sacks, toilet tissue, towels, twine, waxed, waxed laminated and resin impregnated papers for food, munitions, and industrial wrapping.

(b) Production of Other Materials for Shipping and Preserving Essential Products — Bagging, jute, meat; bags, textile (except laundry bags); barrels, metal; baskets (Climax, fruit, vegetable); box shooks; boxes (metal, wooden and paperboards); cable, fiber; cans; cases, packing; containers (glass, metal, and wood; caps and closures for such containers); cooperage; cooperage stock (staves, headings, and hoops); cordage; crates; drums (shipping); excelsior; gummed cloth tape: hope; tin cans.

28. Production of Communication Equipment—Radios and radio equipment; radar; telephone, telegraph, cable television, signalling apparatus; electrical sound equipment; vinylite transcriptions; telautograph.

29. Communication Services — Magazines of general circulation which are devoted primarily to the dissemination of public information; newspapers and news syndicates; military, naval, and technical charts and maps, instructional and technical manuals, and training literature; production of motion pictures (including technical and vocational training films for the Army, Navy, and war production industries); motion picture film processing; news reels; development of sensitized film; protective signal systems which supplement fire and police protection to military, public, and private industrial and commercial establishments; radio broadcasting; radio communications (radiotelephone and radio-telegarph); cable service (land or submarine); telegraph; telephone; television; production for essential activities of continuous forms with or without one-time carbon; production for essential activities of snapout types of forms interleaved with one-time carbon, and produced on rotary equipment; and production of salesbook-type forms contracted for by governmental agencies.

30. Heating, Power, Water Supply and Illuminating Services — Electric light and power, water, and gas utilities; steam-heating services; sewage systems; tree trimming for power and communication lines; water-well drilling; installation and servicing of liquefied petroleum gas facilities.

31. Repair Services—Repair of: Vehicles, such as bicycles, motorcycles, automobiles, busses, trucks, taxicabs; tires; typewriters and business machines; elevators; shoe repairing; sewing machines; radios; refrigerators; clocks and watches; harnesses; tools; stoves; pneumatic tube systems; power laundry equipment; electric appliances and motors, engines, heating equipment scientific, commercial and industrial weighing machines; farm and other industrial and scientific equipment welding service; roofing, and electric, gas, and plumbing and heating installations in domestic, commercial, and industrial buildings; building alteration, maintenance and repair, installation of insulating material; blacksmithing; armature rewinding; locksmithing. It is intended that consideration be given only to individuals qualified to render all-around repair services on the types of equipment specified herein.

32. Health and Welfare Services —Offices of physicians, surgeons, dentists, oculists, osteopaths, podiatrists (chiropodist), sanitary engineers and veterinarians; medical, dental and optical laboratories; pharmaceutical services; hospitals; nursing services; institutional care; mortuary services; auxiliary civilian welfare services to the armed forces; welfare services to civilians; church activities; accident and fire-preventive services; structural pest control services.

33. Educational Services—Public and private industrial and agricultural vocational training; elementary, secondary, and preparatory schools; junior colleges, colleges, universities, and professional schools, educational and scientific research agencies; United States Maritime Service Training Program; Civil Aeronautics Administration Civilian Pilot Training Program; armed forces contract flying, ground, and factory aviation schools; and the production of technical and vocational training films.

34. Governmental Services — Federal; other than Federal, cobelligerent.

35. Technical, Scientific, and Management Services—The supplying of technical, scientific, and management services to establishments engaged in war production; union-management negotiation services; publication of technical and scientific books and journals; and the services of Federal Reserve System district banks and branches (does not include services of member banks of the Federal Reserve System).

Research To Develop New Products Viewed As Playing Vital Part In Post-War Prosperity

Research to develop new products will play a vital part in American post-war prosperity, according to a report issued March 7 by a committee on product development of the National Association of Manufacturers.

"From it will come new industries which will raise living standards and expand employment opportunities for workers released from the armed services and war production," said David C. Prince, Vice-President of the General Electric Company, Chairman of the Committee.

"Scientists say that more progress is being made in the application of science during a few war years than would normally take place in a quarter of a century," the report declares.

The report, following a year's study of the factors involved, is published as a "Guide to Post-War Product Development" for manufacturing companies and is the third in a series of five on post-war subjects, the others being on "Internal Organization," "Sales Planning," "Cost Study" and "Corporate Financial Planning."

Besides Mr. Prince, the members of the Committee are Othom M. E. Loupart, Executive Vice-President of the North American Philips Company, Inc., of Dobbs Ferry, N. Y.; Dr. A. R. Olpin, Director of the Research Foundation of Ohio State University in Columbus, Ohio; L. E. Wilson, President of the Everite Pump and Manufacturing Company, Inc., of Lancaster, Pa., and H. T. Winner, President of the Winner Manufacturing Company, Inc., of Trenton, N. J. The report states:

"When wartime restrictions are released so that there is an opportunity for normal competition new scientific and technological developments will appear in peace-time products faster than ever before. The company which does not take advantage of these opportunities is likely to fall behind in the march of progress.

"New materials, including many plastics, improved light metals new food products and new fabrics, will be available in greater quantity and at lower prices than formerly. Machine tools have been so greatly improved that many pre-war products will be considered crude by new standards to which industry has become accustomed.

"Furthermore, there are more skilled workers capable of fine workmanship as a result of precision experience on high quality war products, and there are also more practical engineers and scientists."

Great advances are indicated specifically in the fields of textiles and clothing, processing and fortifying of food products, and in electronics and other phases of physics which may create whole new industries. Indicating the possibilities of such research, the report cites several companies whose business just before the war showed strikingly the importance of new products developed in the preceding ten years or less. One large chemical manufacturer reported that 40% of its total sales receipts were from such products, a building material manufacturer scored 42% and a maker of cork products recorded 24%, says the advices from the Association.

Practical factors to be considered by a manufacturer in establishing or extending research for new products are summarized in the report. They cover research in his own plant or laboratory, by a university or research foundation, a private research laboratory or a trade association or other group project.

Suggestions, it is stated, are based on the experience of many companies in acquiring new products by purchase or patent license, analysis of sales possibilities, sub-contracting for manufacture of parts and for additional marketing, protection against patent infringements and improvement of present products, ingredients and packaging.

"There is no magic about new product development," says the report, "though new products can be highly dramatized. It is the result of the enterprise and initiative of individuals who seek profits by starting new projects or expanding old ones."

Commenting on the report, Norman W. Wilson, Chairman of the Corporation Peacetime Planning Committee of the National Association of Manufacturers, says in a foreword: "Coupled with the efforts of management to develop new products must be favorable national policies which encourage inventors to conceive new products, investors to invest in their development and manufacturers to produce them."

Industrialists Advise Cleveland Reserve Dist.

Reappointment of five Cleveland industrialists to serve as the Industrial Advisory Committee of the Fourth Federal Reserve District was announced on March 9, by President M. J. Fleming of the Federal Reserve Bank of Cleveland. Members of the committee, which recomends with respect to industrial loans in which the Federal Reserve Bank is concerned, are:

D. C. Swander, President, Columbian Vise & Manufacturing Co., Chairman; H. P. Ladds, President, National Screw & Manufacturing Co., Vice-Chairman; C. F. Hood, President, American Steel & Wire Co., H. R. Neff, President, George S. Rider Co., and W. W. Withington, President, American Fork & Hoe Co.

The Bank states:

"The reappointments were made by the board of directors of the Federal Reserve Bank of Cleveland and approved by the Board of Governors of the Federal Reserve System at Washington. Each term is for one year, beginning March 1, 1944."

Fourth War Loan Oversubscribed

The Fourth War Loan Drive, which was formerly opened throughout the Nation on Jan. 18, with a goal of $14,000,000,000, resulted in an oversubscription of $2,730,000,000,—total subscriptions of $16,730,000,000, having been announced on March 2 by Secretary of the Treasury Morgenthau.

The securities offered in the Fourth War Loan drive, which was brought to a close Feb. 15, consisted of Series E, F and G savings bonds; Series C savings notes; 2½% Treasury bonds of 1965-70; 2¼% Treasury bonds of 1956-59, and ⅞% Treasury certificates of indebtedness.

Feb. 15 Associated Press Washington advices stated that, although the drive ended for "big money" participation, war bond purchases reported to Federal Reserve Banks during the remainder of the month would be counted toward the final total to be announced by Treasury Secretary Morgenthau on March 2. These advices (Feb. 15) also stated:

The Treasury said it would continue to announce daily the individual purchase totals for the remainder of this month.

The drive opened officially January 18, but all war bond sales for both January and February will be counted.

With respect to the oversubscription made known March 2 by Secretary Morgenthau, the New York "Times" of March 3 said:

Figures released by Mr. Morgenthau on sales nationally, and by New York officials of the War Finance Committee on sales throughout the State and in this city, also reflected the complete success of the "little money" phase of the campaign, an enormous number of Series "E" bonds having been sold to individual purchasers.

According to Mr. Morgenthau, 60,000,000 individual "E" bonds were sold, amounting to $3,187,000,000. New York State alone was disclosed to have had 5,300,000 separate buyers, against a goal of 5,000,000.

W. Randolph Burgess, Chairman of the War Finance Committee for New York, and Nevil Ford, the committee's executive manager, announced that the over-all total sale of bonds was $4,662,100,000, or 111.1% of the State quota. Books on sales were closed Tuesday night. The drive ended Feb. 15.

The final figures on the Fourth War Loan Drive were given by Mr. Morgenthau in a nation-wide radio address from the studios of the Blue Network here.

Mr. Morgenthau hailed each of the 60,000,000 individual "E" bonds sold as "an expression of the will and the way of freedom." He paid particular tribute to the 5,000,000 volunteer war bonds salesmen and said the Treasury Department was counting on all of them to participate in the Fifth War Loan.

"You are now a seasoned organization," he said. "Virtually the same group of leaders in the State committees and in Washington will remain. We'll all be on the job, ready to set new records, ready to sell more bonds to more people, especially 'E' bonds."

Mr. Morgenthau reported that in addition to the "E" bonds individuals bought $2,122,000,000 in other securities for a total of $5,309,000,000. That sum fell $191,000,000 short of the individual goal, but corporate and other large money buyers topped their $8,500,000,000 quota by $2,921,000,000.

* * *

In announcing the success of the drive in New York State, Mr. Burgess and Mr. Ford praised the zeal and patriotism of the 500,000 volunteer bond salesmen.

The New York drive executives said the State's sales of "E" bonds totaled $361,500,000, surpassing by 40% the $258,000,000 of the Third War Loan, and by nearly $200,000,000 the "E" bond sales in the Second War Loan.

The 5,300,000 individual purchases in the State, compared with 3,735,000 separate buyers in the Third War Loan and 2,600,000 in the Second War Loan.

The final report of subscriptions to Fourth War Loan by issues and by classes of investors as made public on March 4 by the office of the Secretary of the Treasury, Division of Research and Statistics follows:

(In millions of dollars)

Issue—	Individuals, partnerships and personal trust accounts	Insurance companies and mutual savings banks	Other corporations, associations and investors	Dealers and brokers	Total—all investors
E bonds	3,187	-----	-----	-----	3,187
F and G bonds	573	70	380	-----	1,024
Savings	183	4	2,043	*	2,232
Certificates	496	342	3,931	266	5,036
2¼% bonds	517	1,829	827	158	3,331
2½% bonds	352	1,157	403	8	1,920
Total	5,309	3,403	7,585	433	16,730

*Less than $500,000.

Note—Sales of Savings Bonds and Savings Notes included in this tables since Jan. 1. Figures are rounded and do not necessarily add to totals.

The opening of the Fourth War Loan Drive was referred to in our issue of Feb. 3, page 504.

Congress Can Retrieve Authority, Says Bridges

Senator Styles Bridges, Republican, in a speech on March 9, in the Senate declared that the constitutional balance between the executive and legislative branches of the Government "can be restored not by appeasement of the President, but by ordered and selfrespecting restoration of the full rights and total functions of the Congress," according to the New York "Herald Tribune" of March 10. In its Washington advices March 9 the paper indicated added:

Congress itself, Senator Bridges said, "must share the blame for the fact that more and yet more blank-check powers have been concentrated in executive hands," and must devote itself "without delay" to retrieving "Congressional authority that has been siphoned off." He declared he was detouring politics in his statement in order to "hew close to the line of fundamental principles."

"I propose to dedicate my best energies to the years I still have to serve in this Senate," he said, "to the restoration of the dignity of Congress and its protection against executive encroachment. I propose to persevere in this effort whether the present Chief Executive is re-elected or not."

Powers have been delegated without clearly defining administrative standards, he said, and administrative officers "must be brought into line." In the recent veto of the tax bill, Senator Bridges saw "the danger of Presidential concentration of the taxing power as well." The action of Senator Alben W. Barkley, of Kentucky, the Senate majority leader, in resigning his post in protest of the veto, Senator Bridges said, "thrilled citizens to the marrow as a demonstration of principle beyond partisanship."

Sound Commercial Policy Is Essential To Stable Political Peace Structure: Hull

The action of the House Appropriations Committee in sending to the floor of that body on Feb. 16 legislation appropriating $231,304,700 for the Departments of State, Commerce and Justice for the fiscal year beginning July 1, was the occasion also of the submission of voluminous printed testimony from various officials charged with the task of directing a far-flung foreign service and at the same time coping with war-born problems at home. One of those whose views were set out, it is learned from the Associated Press, was Secretary of State Cordell Hull who told the Committee at one point that it was too late in life for him to join "the bureaucrats," and from whom came a warning that the war is not all over but the shouting. It was likewise indicated that from Jesse Jones, Secretary of Commerce, came a statement that much of the $2,700,000,000 invested by the Government in airplane and engine plants will have to be written off as a dead loss, and from J. Edgar Hoover, head of the FBI, an admonition that juvenile delinquency is "sweeping the country."

Reporting that Mr. Hull told the Committee that winning of a military victory was but one phase in the program of "bringing about peace and future world stability" the Associated Press Washington advices gave his observations as follows:

"A durable, just and stable world order" was his definition of the final goal of the war.

"A sound commercial policy—I mean by that an international program of mutually beneficial co-operation and a sound commercial policy—are one of the cornerstones of any stable political peace structure," he said.

"We should not strive to get one-sided agreements at the expense of the other country. Such a policy will react disastrously on a nation following it and in the end everybody will suffer. . . . We want to make our policy fair, mutually desirable, and mutually profitable, so that we can fit in effectively with a suitable plan in regard to stabilization of phases of the monetary situation, the exchange situation, and the credit situation. . . . The truth, I believe, is that after the war, if we are to furnish employment to people who should have it and who are entitled to it, if we and other important parts of the world are to go forward, we must increase production, distribution and consumption. If we expect to sit back while each country makes itself a separate compartment in the economic world, as we did between these two past wars, we will find people employed in some localities and very much out of employment in others."

Mr. Hull defended the department's Good Neighbor policy with other American republics.

Differences In OWI Between Davis And Sherwood Adjusted—3 N. Y. Executives Resign

An adjustment of differences between Elmer Davis, Director of the Office of War Information, and Robert Sherwood, OWI overseas Chief, was reached on Feb. 7, according to United Press advices from Washington, which indicated the clearing up of the dispute with resignation in New York of three executives whom Mr. Sherwood had refused to dismiss on Mr. Davis' order. They are Joseph Barnes, director of Atlantic overseas operations; James Warburg, head of psychological warfare, and Edd Johnson, chief of the overseas editorial board. The press advices from which we quote, added:

"It was understood that Mr. Sherwood will go to London to reorganize the OWI bureau there, another center of controversy.

"Mr. Davis was said to have felt the New York office was 'running away with OWI' and that Messrs. Warburg, Johnson and Barnes had failed to adhere to the policy line laid down in Washington."

President Roosevelt was said to have been asked to intervene in the dispute; as to this the United Press on Feb. 7 stated that it was not known whether Mr. Roosevelt was instrumental in obtaining the settlement, but he was reported to have refused to take sides.

Factory Workers Hours And Earnings Up

A shorter average work-week, coupled with a decline in employment, resulted in 14½ million fewer hours of manufacturing time in the mid-week of December as compared with the mid-week of November, Secretary of Labor Frances Perkins reported on Feb. 21. The average number of hours worked per man per week in December declined to 44.9, reflecting the large amount of illness and other absenteeism which prevailed in all industries, together with a readjustment of production schedules in some industries. The net decline in employment amounted to 130,000 wage earners. Secretary Perkins further stated:

All the durable-goods groups reported fewer manufacturing hours in December than in November. In each case the drop in total hours reflected a shorter work-week and in all but 3 it was coupled with a decline in employment. Almost 3,500,000 less hours were put into the building of ships, planes, and tanks in the mid-week of December than in the mid-week of November. The drop in the average work-week of more than an hour per week and the decline in wage-earner employment of 19,000 combined to bring about this large drop in manufacturing time in the transportation equipment group.

The decline of 1,500,000 hours in the automobile group was due entirely to the work-week averaging almost 2 hours less in December than in November. Many firms in the automobile group report data for a whole month rather than for the week ending nearest the 15th. Reports from these firms would include the Christmas holidays. Excessive absenteeism, however, was the most important reason for the shorter work-week in the automobile group as it was in every other group. The flu epidemic undoubtedly raised the absenteeism rate to its highest point in December.

While all but one of the non-durable groups showed some decline in their total manufacturing hours, the largest declines occurred in the chemicals and food groups. In both of these groups employment and average hours per week declined simultaneously. Factory workers in the non-durable group as a whole put in 5,000,000 less man-hours per week in December than in November.

Average weekly earnings in December amounted to $44.68. The earnings in the durable-goods group where most of the war production is concentrated amounted to $50.50 while the earnings in the non-durable group averaged $35.61. None of the durable goods groups and only 4 of the non-durable-goods groups reported increases in weekly earnings. The increases in the weekly earnings in the food, printing and petroleum groups were due entirely to increases in average hourly earnings while the increase in the leather group reflects lengthening of the work-week as well as the rise in average hourly earnings.

The average hours per week in bituminous coal mining was 44.6 and in anthracite 41.4 in December 1943. Both of these industries have returned to normal operations after the scattered strikes which occurred during November."

NAM Issues Guide To Post-War Cost Study

A thorough study of industrial operational costs, aimed at reducing the cost of manufactured goods to the public, was urged on March 9 by the National Association of Manufacturers in one of a series of corporation post-war planning guides. The guide calls to the attention of the manufacturer the complicated array of problems which he must face in dealing with new materials, surplus war supplies, and employment for returning war veterans. In the form of a check list, this guide takes up the 150 most important cost problems which must be met by all manufacturers, large and small, in returning to peace-time production. This Cost Study, fourth in the series of corporation post-war planning guides, follows publication of A Guide to Internal Organization, A Guide to Post-War Sales Planning and A Guide to Post-War Product Development. Fifth in the series, A Guide to Post-War Corporate Financial Planning, will be issued shortly.

"Cost reduction should be one of the primary objectives of company post-war planning," according to Norman W. Wilson, President of the Hammermill Paper Co. and Chairman of the NAM Corporation Peace-Time Planning Committee. "It is vital to effective competition," he advises in the Cost Study Guide, "and when it makes price reductions possible, it is one of the most important factors in improving the standard of living. It has expanded markets so that millions enjoy goods and services which were formerly luxuries for only the wealthy."

The check list covers five subjects: cost of materials, cost of labor, manufacturing overhead, financial and administrative, and selling and distribution.

The subcommittee which produced this guide to post-war cost study was composed of Charles J. Dalton, director, Post-War Policy Division, American Type Founders, Inc., Elizabeth, N. J.; Nathaniel Barnes, Secretary, Association of Consulting Management Engineers, New York, N. Y.; Albert H. Foster, director, Route Survey & Marketing Analyses, Borden Farm Products, New York, N. Y.; G. C. Gridley, President, Mechanics Universal Joint Division, Borg-Warner Corporation, Rockford, Ill.; Carl Henrikson, Jr., regional business consultant, U. S. Dept. of Commerce, James Olson, partner, Booz-Allen & Hamilton; Joseph Ready, Electric Power & Light Corp.; Frank Sweetser, partner, Stevenson, Jordan & Harrison; Carey E. Tharp, Policyholders Service Bureau, Metropolitan Life Insurance Co.; C. Oliver Wellington, partner, Scovell-Wellington & Co.; A. L. Williams, Comptroller, International Business Machines Corp.; A. S. Wittnebel, President, Commonwealth Color & Chemical Co., all of New York City.

Appendix To Baruch-Hancock Post-War Report Summarizes Recommendations

Along with the issuance on Feb. 29 of printed copies of the Baruch-Hancock Post-War report, an Appendix was at the same time made available which had not accompanied the original copies of the report. According to Washington advices to the New York "Times" because of the assumption by some newspaper writers that the Appendix represented new matter, it was explained by aides of Mr. Baruch that the appendix in no way changed the original report. All it did, they said (we quote from the "Times" Washington advices), "was to summarize for purposes of convenience recommendations scattered through the report but did not alter them in any way." In Associated Press advices from Washington appearing in the Chicago "Daily Tribune" it was stated that a recommendation that the War Production Board make the high policy decisions on what war contracts should be cancelled and what civilian production and employment is to be resumed is contained in the appendix. The advices from which we quote in part added:

If carried out, the Baruch proposal would leave to WPB the important decisions on which consumer industries should be restored to civilian production first, how long controls should be retained after the war, and whether new firms should be allowed to enter established fields of manufacturing in the immediate post-war era.

The appendix listed the major functions of the WPB and the Army and Navy in the reconversion of industry.

As outlined by Bernard M. Baruch and John Hancock, who jointly prepared the report for the Office of War Mobilization, WPB's role would include these responsibilities:

To lay down the policies to guide the choices for canceling contracts of war goods no longer needed.

To work with the Army and Navy and War Manpower Commission in making the actual choice of which producers will be removed and which will be left in war production.

To guide the shifting of contracts to make use of facilities or manpower freed from war production.

To "decide what civilian production and employment is to be resumed as war needs slacken."

To review worthwhile local projects, deferred during the war, which may be cleared as war needs slacken.

The report urged that the Army and Navy should decide which weapons and military supplies are to be cut as the war changes, with the services informing WPB "as soon as such cuts are thought of."

Detailed reference to the Baruch - Hancock recommendations appeared in our Feb. 24 issue, page 817.

Dewey Says Peace Must Be Based On 'Growing Sense Of Fellowship Between Peoples'

Governor Dewey, at a rally at Madison Square Garden, in New York City, opening the Red Cross War Fund Drive, on Feb. 29, warned that the peace that ends the present war "must not be the dictated result of personal conferences." The New York "Times" of March 1, in thus quoting him, reported further remarks of Governor Dewey as follows:

Warning that the building of the peace will just have commenced when the peace treaty is signed, Governor Dewey told the gathering that the document "must be no paper peace." He said that it must not be a rigid, inflexible thing, but must "provide peoples everywhere with simple, understandable means of bringing an end to the horror of war."

"It must be the constant, daily beneficiary of the labors of men of good-will, striving to make it work and sacrificing to make it endure," the Governor declared. "Most of all, it must be based upon a growing sense of fellowship between peoples. It must be built so strong that neither discouragement, selfishness nor the arrogant mouthings of ambitious men can again lead them into wars of conquest."

Bowles Of OPA Indicates Improved Price Regulation Is Planned

According to Chester Bowles, Administrator of the Office of Price Administrator, a new, simplified and improved retail price regulation is being developed by the OPA to replace the general maximum price regulation, which has proved unsatisfactory, and that the new plan will be presented to the nation's retail merchants for consideration and criticism within the next few weeks. Mr. Bowles' announcement was made on Feb. 29 at the annual meeting of the American Retail Federation held at the Waldorf-Astoria. According to the New York "Herald Tribune," Mr. Bowles termed the new regulation, which will apply to all commodities except food, as "a product of American retail trade itself"; the same paper stated that he indicated that the new regulation will meet all the objections of retailers to the regulations now in effect, with the possible exception of eliminating the highest price-line limitation. Even this, he said, will be discussed fully and the matter settled "once and for all" before the new regulation goes into effect. From the New York "Sun's" account of Mr. Bowles' remarks we quote:

"Mr. Bowles declared that if we do not succumb to the pressure of groups seeking to weaken price controls, the American people will, for the first time in any war in which they have participated, win the battle against inflation and prevent chaos and bankruptcies after the war.

"Our chief goal after the war, all speakers agreed, is high production and employment and full national security, and Senator Taft, citing the tremendous costs of this conflict, declared that in his opinion the American system could not survive another all-out modern war.

"Mr. Bowles declined to reveal any details of the proposed new regulations, but said that the OPA and leading merchants and retail experts had been working on the program since last September. No public announcement about the plan will be made until retail groups have had a chance to review it and offer suggestions for improvement.

"Warning that no price control regulation can ever be perfect, Mr. Bowles added: 'I believe, however, I can say with confidence that in the next 60 or 90 days you will agree with me that a major improvement has been made in the retail pricing system under which you are operating your businesses and your stores.'"

Steel Production Again Rises—Civilian Supply Hopes Dimmed—Mill Backlog Grows

"Demand and production of steel for war are at such frenzied levels that problems of inadequate manpower, overburdened equipment and badly congested order books are returning rapidly and perhaps more forcefully than at previous periods in the past two years," says "The Iron Age" in its issue of today (March 13), further adding:

"Deluged by plate and sheet orders, several flat rolled producers report that their carryovers of scheduled but unrolled tonnage have risen recently despite record output. In addition to forcing acceptance by mills of large tonnages of sheets and plates, WPB is giving mills large amounts of semi-finished products to be produced during second quarter for lend-lease.

"The manpower pinch is growing tighter. The big drive by Selective Service, responding to the urging of the President, has resulted in cancellation of industry replacement schedules and other severe steps in some areas. The serious shortage is in common labor.

"WPB has decided to revoke its order stopping construction of the structural mill at Geneva, Utah. At the same time it is reported that completion of the South Chicago plant of Republic Steel Corp. has been approved. The first action is a source of good news to the western bloc in Congress, which has been exerting pressure against the stop order. The second action will give DPC a completed plant through expenditure of only a small amount of money, since the Chicago installation was almost completed, with its coke ovens consuming much gas.

"Admiral Emory S. Land on March 9 said that this year's shipbuilding program will run into 1945, although it is yet uncertain what exact tonnage will be built in the first half of next year. While it is conceded by WPB officials that the Maritime Commission will have all of the steel needed for 20,000,000 tons of shipping, the production goal for 1944, by the beginning of July, tentative discussions with WPB indicate that the Commission will require about 475,000 tons of plate a month in the third quarter. This would indicate a shipbuilding program of at least 10,000,000 tons is in prospect for next year, provided Maritime succeeds in building 2,000 ships this year. While first quarter allocations of plates to the Maritime Commission amounted to about 560,000 tons monthly, second quarter allocations were an estimated 525,000 tons monthly.

"After analyzing the Murray plan for assisting 20 of the smaller steel companies, opinion in the industry seems to be that legal problems concerning the use of DPC furnaces would be formidable, and that the small steel companies still would have no guarantee of adequate orders. It is pointed out that the history of the steel industry shows that when supplies are in balance or in excess of demand, so-called premium prices cannot be realized. Several of the smaller steel companies in the Illinois-Missouri area, queried concerning their reaction to the Murray plan, denied that they were confronted with a disastrous scrap shortage, and pointed out that increased labor rates had been as great a factor in raising their overall production costs as had the cost of raw material."

The American Iron and Steel Institute on March 13 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 99.1% of capacity for the week beginning March 13 (the second highest level on record), compared with 98.8% one week ago, 97.7% one month ago and 99.3% one year ago. The operating rate for the week beginning March 13 is equivalent to 1,775,200 tons of steel ingots and castings, compared to 1,769,800 tons one week ago, 1,750,000 tons one month ago, 1,719,500 tons one year ago.

"STEEL" of Cleveland, in its summary of the iron and steel markets, on March 13 stated in part as follows:

"Expectation of easier demand for steel for war purposes and resulting larger provision for civilian goods seems more remote each week as requirements for the former press more heavily.

"Backlogs of orders are accumulating in most major steel products and while in some cases they are not increasing as rapidly as a short time ago, in others they have taken a spurt. Within the past fortnight hot and cold-rolled sheet backlogs have increased appreciably and better activity is noted in narrow strip.

"In addition to the heavy call for sheets for the landing barge program current inquiries for 40,000 tons of 12 and 14-gage sheets for the new-style shipping containers are being placed and fabrication is under way by some plants. Another inquiry for 40,000 tons of sheets for conventional containers has just come out.

"In spite of reduction in small arms contracts and continued decline in machine tool requirements, bar deliveries have become more extended recently, after easing considerably in early weeks of this year. Aircraft requirements for bars have increased after a period of conservative buying. Railroad buying has increased and miscellaneous consumption shows a gain.

"Sheetmakers for the most part are booked into late third quarter, with little opportunity to obtain August delivery promises, some mills offering September and October as their best. Plates are quoted generally for late August and September, through universal plates can be had in June. Platemakers are still receiving many directives for second quarter, which discourages the outlook for easing in the monthly carryover.

"Reaction to the proposal of Philip Murray, President of the United Steelworkers of America, that the Government sell pig iron and scrap below ceiling prices to certain small semi-integrated steel-makers is not yet clear, but as to scrap the situation is said to be distorted."

War Finance Committee Of New York Meets

W. Randolph Burgess Retires

The War Finance Committee for New York at a meeting on Mar. 9, at its quarters at 1270 Sixth Ave., adopted resolutions in tribute to two members of the Committee who died since the last meeting. The late members of the Committee who were cited were Arthur Kudner, former Chairman of the Public Relations Committee, and Karl D. Gardner, who, at the time of his death was Chairman of the Community Sales Division.

At the meeting members were informed of the retirement of W. Randolph Burgess as State Chairman, and of the appointment of Nevil Ford to that office. Reference to Secretary Mongenthau's announcement of the change in the State Chairmanship appears elsewhere in these Columns today.

Holds World Peace Body Offers Only Assurance Against Wars

(Continued from first page)

A New Situation

and the many others who think as he does, as I see it, is that their thoughts are turned to the past, whereas it is on the present and the future that we need to concentrate our attention. An entirely new situation has arisen within the past few years which threatens the very existence of civilization as we have known it. Are we to sit supinely by and do nothing about it, just because our first fumbling efforts to organize world peace ended in failure?

Facing the Facts

Mr. Wilson invites his countrymen to "face the facts, the cold facts of history, and be realistic."

Very well then, as Al Smith used to say, let's look at the record.

Down to the beginning of this century wars were fought by "armies" of a few thousand men, on "battlefields," with relatively simple and inexpensive weapons, and rarely involved more than a few nations at any one time.

In the First World War the armies were larger, more countries were involved, the first primitive airplanes and tanks made their appearance, but the brunt of the fighting was still borne by soldiers; a few miles back of the front civilian life and industry went on pretty much as usual; there was practically no bombing of cities from the air. We called it a "world war," and it was pretty terrible, but the concept of "total war" was yet to come.

A new factor, however, had come into being which was destined to revolutionize the art of war and change the whole course of history. The development of the internal combustion engine had made possible the airplane, the tank, the submarine, self-propelled artillery, truck-mounted infantry, and all the other devilish devices which make this war different from and more terrible than any other ever fought. These new instruments of warfare required for their production a highly developed heavy industry, which existed in only a few of the larger countries. At one stroke, therefore, all other countries, and particularly the smaller countries, were to all intents and purposes disarmed, and put completely at the mercy of the few highly industrialized states which could turn out fighting machines on a mass production basis.

While England and America slumbered, and France, still thinking in terms of World War I, poured billions of francs into the Maginot Line, Germany grasped the full significance of the new weapons and concentrated on developing a "mechanized" army. The result is now history. Germany's mechanized divisions rolled over the face of Europe in a matter of weeks, and were not halted until they came up against another army whose leaders had also forecast the future and prepared to fight machines with machines. Thanks to the sacrificial fighting of the Red Army and the stubborn courage of the English people, the democratic countries were granted time in which to convert their industries and create mechanized forces to meet the German challenge.

The Nature of Total War

But "total war" can only be fought with total mobilization. So great are the demands of a modern mechanized army that all human, material and financial resources must be concentrated on the one task of production for war. For the first time in history wars are fought not by armies but by entire populations. The "home front" has become as important, **and as dangerous**, as the fighting front. There have been more casualties among civilians than among soldiers, more destruction of property behind the front than at the front. Great bombers drop their lethal loads on crowded cities hundreds of miles back of the front, killing, burning, maiming, women, children, old and young, indiscriminately. Whole cities are wiped out, their populations destroyed or left homeless. The accumulated wealth and cultural monuments of civilization are being wiped out.

And to achieve this total mobilization, it has been found necessary, even in the democracies, to endow government with such concentration of power, and to subject the citizens to such regimentation and control, that the distinction between "dictatorship" and "democracy" has been largely obliterated.

So great is the drain on accumulated capital and natural resources — especially metals and oils—and so great the destruction of life and property, that even the "victors" must come out of such a struggle impoverished, decimated, and staggering under a crushing burden of debt.

This is total war, and it is to this prospect that Mr. Wilson would consign mankind without a struggle to avert it.

Peace or Chaos

Granting the difficulty of creating an effective organization for world peace; granting the failure of our first halting steps in that direction; granting the weakness and limitations of human nature, **still, the effort must be made,** and if necessary made again and again! The alternative is too terrible to contemplate. And because the United States is one of the most powerful countries in the world, we must be prepared to do our part. If we do not—if we are content to seek an ignominious safety behind our ocean barriers, leaving the rest of the world to struggle with the problem of shackling war without our aid—we shall deserve what will be undoubtedly come to pass. We shall be left alone and friendless when the next storm breaks over the world, easy pickings for some future Fuehrer who may succeed where Adolph failed.

The New "Yellow Peril"

One other possibility I would like to suggest in closing. The white races were the first to discover and apply modern science, and this knowledge, translated into weapons of war, enabled the white man to conquer and exploit the teeming millions of Asia. For two hundred years or more the white races have lorded it over the yellow and brown, until we have come to look upon ourselves as their natural superiors, and upon them as mere objects of exploitation. But these yellow and brown races are not inferior to white people in mental capacity. They have civilizations far more ancient, and in some respects perhaps superior to our own. And now they are becoming possessed of a knowledge of western science and of the industrial techniques necessary to create heavy industry. Japan is, of course, the outstanding example, but China also is beginning to industrialize herself, and India is stirring with unrest. In those three countries live one-half of the human race. China alone has more people than all of Europe outside of Russia, and vast undeveloped resources.

How much longer will the white races be able to maintain the fiction of "white supremacy" in Asia? In one century Japan raised herself from a backward feudalism to one of the most potent and aggressive military and industrial powers in the world. Some think she is our most dangerous antagonist today. And yet Japan has only about seventy million people. What will be the potentiality of China, when she becomes industrialized, with 450 million intelligent, thrifty and industrious people? And what of India, with 360 millions?

The time may come when the "Yellow Peril" will be a reality and not just a nightmare; when the white races may have to pool all their resources to hold their own against the "rising tide of color."

Sooner or later the white man is going to lose his privileged position in Asia, and that will have tremendous economic repercussions in the colonial empires. Instead of being dumping grounds for European and American manufactured products, Asia will furnish the keenest of competition once she is industrialized. There will be problems to be solved then, all sorts of problems, and it will be well for us, and for them, if there is in existence an organization and a technique to solve those problems peacefully, instead of in a war in which we may find ourselves hopelessly outnumbered by people **who also know how to make planes, and tanks, and submarines.**

So let us have done with the defeatist attitude that because a thing never has been done, therefore it never can be done. New times require new measures. Let us strive rather to measure up to the tasks which destiny has laid upon our generation. **And the foremost of these is the problem of organizing the world for peace.**

WM. GARFIELD LIGHTBOWNE.

Bogota, N. J.
March 15, 1944.

Ratio Of Bank Profits To Capital Funds In St. Louis Reserve District Higher In 1943

Net profits of all member banks of the Federal Reserve Bank of St. Louis in 1943 averaged 8.4% of invested capital funds, according to a statement issued March 10 by Chester C. Davis, President of the bank.

The average rate of return, it is indicated, was about 30% higher than in 1942, and above that for 1941. Banks in all deposit size groups showed gains in net earnings except the very smallest banks having deposits of $500,000 or less. Deposits at nearly all banks have increased substantially since the beginning of the war. Only 36 of the nearly 450 member banks in the district now have deposits of $500,000 or less, whereas in 1939 there were 95 banks in this group. Mr. Davis' announcement likewise says:

"Cash dividends averaged 3% on capital funds and the remaining profits were retained by the banks to strengthen their capital structures. As a result of increased holdings of Government securities, income from investments has become of growing importance as a source of bank income. Interest and dividends on securities accounted for 38.2% of the total operating earnings in 1943 as compared with 28.8% in 1942. Interest and discount on loans dropped to 43.8% of total operating earnings as against 54.5% the previous year.

"Although current expenses in 1943 were higher than in 1942 they rose less than earnings. Consequently, expenses absorbed 70.4% of total earnings as compared with 73.6% in 1942.

Reference to the 1942 figures appeared in these columns Mar. 4, 1942, page 845.

Civil Engineering Construction $117,878,000 In February

Civil engineering construction volume in continental United States totals $117,878,000 for February. This volume, not including construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 25% lower than in January, 1944, down 62% from the February, 1943, total, and is the lowest reported to "Engineering News-Record" since September, 1935. The report made public on March 9 continued in part as follows:

Private construction for February, $28,875,000, tops last month by 19%, but declines 21% from the month last year. Public work is 33% below January due to the 34% drop in Federal volume and the 2% decrease in State and municipal. Public construction is 67% under the corresponding 1943 month as a result of the 69% decrease in Federal work. State and municipal construction is up 55% compared with its February, 1943, total.

Civil engineering construction volumes for February, 1943, January, 1944, and the current month are:

	Feb., 1943 (Four Wks.)	Jan., 1944 (Four Wks.)	Feb., 1944 (Four Wks.)
Total U. S. construction	$306,242,000	$156,518,000	$117,878,000
Private construction	36,561,000	24,356,000	28,875,000
Public construction	269,681,000	132,162,000	89,003,000
State and municipal	4,797,000	7,565,000	7,427,000
Federal	264,884,000	124,597,000	81,576,000

February construction brings 1944 volume to $274,396,000 for the two months, a decrease of 48% from the $533,068,000 reported for the corresponding 1943 period. Private construction, $53,231,000, is 2% higher than for the opening two months of last year. Public work, $221,165,000, is 54% below last year. State and municipal volume declines 11%, and Federal work is down 56% and is primarily responsible for the decrease in public construction.

New Capital

New capital for construction purposes for February totals $11,629,000, an increase of 5% over the volume for the corresponding month last year. Of the volume, $10,129,000 is in State and municipal bond sales, and $1,500,000 is in RFC loans for private industrial construction.

The February new capital total brings 1944 volume to $158,801,000, a figure 922% above the $15,539,000 reported for the opening two-month period in 1943. Federal appropriations for war and departmental construction accounts for $90,832,000, Federal loans for industrial and public improvements for $5,575,000, and private investment for $62,394,000.

Electric Output For Week Ended Mar. 11, 1944, Shows 12.2% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Mar. 11, 1944, was approximately 4,425,630,000 kwh., compared with 3,944,679,000 kwh. in the corresponding week a year ago, an increase of 12.2%. The output for the week ended Mar. 4, 1944, was 13.1% in excess of the similar period of 1943.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended Mar. 11	Mar. 4	Feb. 26	Feb. 19
New England	7.0	8.4	7.5	5.9
Middle Atlantic	12.6	12.5	13.8	13.4
Central Industrial	8.9	8.8	10.5	10.3
West Central	5.7	6.4	7.1	7.5
Southern States	11.2	13.4	14.4	16.8
Rocky Mountain	5.6	7.2	9.4	10.9
Pacific Coast	27.2	29.3	29.5	27.5
Total United States	12.2	13.1	14.2	14.3

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1944	1943	% Change over 1943	1942	1932	1929
Jan. 1	4,337,387	3,779,993	+14.7	3,288,685	1,619,265	1,542,000
Jan. 8	4,567,959	3,952,587	+15.6	3,472,579	1,602,482	1,733,810
Jan. 15	4,539,083	3,952,479	+14.8	3,450,468	1,598,201	1,736,721
Jan. 22	4,531,662	3,974,202	+14.0	3,440,163	1,588,967	1,717,315
Jan. 29	4,523,763	3,976,844	+13.8	3,468,193	1,588,853	1,728,203
Feb. 5	4,524,134	3,960,242	+14.2	3,474,638	1,578,817	1,726,161
Feb. 12	4,532,730	3,939,708	+15.1	3,421,639	1,545,459	1,718,304
Feb. 19	4,511,562	3,948,749	+14.3	3,423,589	1,512,158	1,699,250
Feb. 26	4,444,939	3,892,796	+14.2	3,409,907	1,519,679	1,706,719
March 4	4,464,686	3,946,630	+13.1	3,392,121	1,538,452	1,702,570
March 11	4,425,630	3,944,679	+12.2	3,357,444	1,537,747	1,687,229
March 18	------	3,946,836		3,357,032	1,514,553	1,683,262
March 25	------	3,928,170		3,345,502	1,480,208	1,679,589

Latest Summary Of Copper Statistics

The Copper Institute on Feb. 11 released the following statistics pertaining to production, deliveries and stocks of duty-free copper:

SUMMARY OF COPPER STATISTICS REPORTED BY MEMBERS OF THE COPPER INSTITUTE

(In Tons of 2,000 Pounds)

U. S. Duty Free Copper	Production *Crude	Production Refined	Deliveries to Customers †Domestic	Deliveries to Customers Export	‡Refined Stocks End of Period	Stock Increase (+) or Decreases (—) Blister	Stock Increase (+) or Decreases (—) Refined
Year 1939	836,074	818,289	814,407	134,152	159,485	+17,785	—130,270
Year 1940	992,293	1,033,710	1,001,886	48,537	142,772	—41,417	— 16,713
Year 1941	1,016,996	1,065,667	1,545,541	307	75,564	—48,671	— 67,208
Year 1942	1,152,344	1,135,708	1,635,236	----	65,309	+16,636	— 10,255
§Year 1943	1,194,684	1,206,871	1,643,677	----	52,121	—12,187	— 13,188
2 Mos. 1944	192,201	179,909	226,311	----	36,489	+12,292	— 15,632
July, 1943	100,456	105,589	129,631	----	55,097	— 5,133	— 610
Aug., 1943	97,413	100,077	147,135	----	53,726	— 2,664	— 1,371
Sep., 1943	98,867	98,333	141,111	----	45,844	+ 534	— 7,882
Oct., 1943	102,589	97,274	129,212	----	47,148	+ 5,315	+ 1,304
Nov., 1943	99,340	102,136	138,881	----	52,027	— 2,796	+ 4,879
Dec., 1943	98,553	104,644	115,850	----	52,121	— 6,091	+ 94
§Jan. 1944	95,902	92,781	101,779	----	45,800	+ 3,121	— 6,321
Feb. 1944	96,299	87,128	124,532	----	36,489	+ 9,171	— 9,311

*Mine or smelter production or shipments, and custom intake including scrap.

†Beginning March, 1941, includes deliveries of duty paid foreign copper for domestic consumption.

‡At refineries, on consignment and in exchange warehouses, but not including consumers' stocks at their plants or warehouses.

§Corrected.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table:

MOODY'S BOND PRICES†
(Based on Average Yields)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Mar. 14	120.18	111.44	118.20	116.61	111.25	100.65	104.48	113.70	116.41
13	120.23	111.25	118.20	116.41	111.25	100.65	104.48	113.70	116.22
11	120.26	111.25	118.20	116.41	111.25	100.65	104.48	113.70	116.22
10	120.26	111.44	118.20	116.41	111.25	100.81	104.48	113.70	116.41
9	120.26	111.25	118.20	116.41	111.25	100.65	104.48	113.70	116.41
8	120.27	111.25	118.20	116.41	111.25	100.65	104.48	113.70	116.22
7	120.38	111.44	118.20	116.61	111.25	100.65	104.48	113.70	116.41
6	120.44	111.25	118.20	116.61	111.25	100.49	104.48	113.70	116.41
4	120.43	111.25	118.20	116.61	111.25	100.49	104.31	113.70	116.41
3	120.44	111.25	118.20	116.61	111.25	100.49	104.31	113.70	116.41
2	120.42	111.25	118.20	116.22	111.25	100.49	104.31	113.70	116.22
1	120.32	111.25	118.20	116.41	111.25	100.49	104.31	113.70	116.22
Feb. 25	120.21	111.25	118.20	116.41	111.07	100.32	104.31	113.50	116.22
18	119.96	111.25	118.40	116.41	111.07	100.49	104.31	113.50	116.41
11	119.69	111.25	118.40	116.22	111.25	100.49	104.31	113.50	116.41
4	119.45	111.25	118.40	116.22	111.25	100.49	104.14	113.50	116.61
Jan. 28	119.47	111.07	118.20	116.22	111.07	100.16	104.14	113.31	116.41
21	119.58	111.25	118.40	116.41	111.07	100.16	104.31	113.31	116.41
14	119.57	111.25	118.60	116.41	111.25	99.84	104.14	113.50	116.41
7	119.69	111.07	118.60	116.41	111.07	99.36	103.80	113.50	116.22
High 1944	120.44	111.41	118.80	116.61	111.25	100.81	104.48	113.70	116.61
Low 1944	119.41	110.70	118.20	116.22	110.88	99.04	103.30	113.12	116.02
High 1943	**120.87**	**111.44**	**119.41**	**117.00**	**111.81**	**99.36**	**103.47**	**114.27**	**117.40**
Low 1943	**116.85**	**107.44**	**116.80**	**113.89**	**108.88**	**92.35**	**97.16**	**111.81**	**114.46**
1 Year ago									
Mar. 13, 1943	116.87	109.42	117.80	115.43	110.52	95.77	100.32	112.93	115.63
2 Years ago									
Mar. 14, 1942	117.43	106.21	115.63	112.93	107.09	91.34	96.85	109.60	112.75

MOODY'S BOND YIELD AVERAGES
(Based on Individual Closing Prices)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus
Mar. 14	1.81	3.09	2.74	2.82	3.10	3.71	3.48	2.97	2.83
13	1.81	3.10	2.74	2.83	3.10	3.71	3.48	2.97	2.84
11	1.81	3.10	2.74	2.83	3.10	3.71	3.48	2.97	2.84
10	1.81	3.09	2.74	2.83	3.10	3.70	3.48	2.97	2.83
9	1.81	3.10	2.74	2.83	3.10	3.71	3.48	2.97	2.83
8	1.81	3.10	2.74	2.83	3.10	3.71	3.48	2.97	2.84
7	1.80	3.09	2.74	2.82	3.10	3.71	3.48	2.97	2.83
6	1.79	3.10	2.74	2.82	3.10	3.72	3.48	2.97	2.83
4	1.80	3.10	2.74	2.82	3.10	3.72	3.49	2.97	2.83
3	1.80	3.10	2.74	2.82	3.10	3.72	3.49	2.97	2.82
2	1.80	3.10	2.74	2.84	3.10	3.72	3.49	2.97	2.84
1	1.81	3.10	2.74	2.83	3.10	3.72	3.49	3.97	2.84
Feb. 25	1.81	3.10	2.74	2.83	3.11	3.73	3.49	2.98	2.84
18	1.83	3.10	2.73	2.83	3.11	3.72	3.49	2.98	2.83
11	1.85	3.10	2.73	2.84	3.10	3.72	3.49	2.98	2.83
4	1.87	3.10	2.73	2.84	3.10	3.72	3.50	2.98	2.82
Jan. 28	1.87	3.11	2.74	2.84	3.11	3.74	3.50	2.99	2.83
21	1.86	3.10	2.73	2.83	3.11	3.74	3.49	2.99	2.83
14	1.86	3.10	2.72	2.83	3.10	3.76	3.50	2.98	2.83
7	1.85	3.11	2.72	2.83	3.11	3.79	3.52	2.98	2.84
High 1944	1.87	3.13	2.74	2.84	3.12	3.81	3.55	3.00	2.85
Low 1944	1.79	3.09	2.71	2.82	3.10	3.70	3.48	2.97	2.82
High 1943	**2.08**	**3.31**	**2.81**	**2.96**	**3.23**	**4.25**	**3.93**	**3.07**	**2.93**
Low 1943	**1.79**	**3.09**	**2.68**	**2.80**	**3.07**	**3.79**	**3.54**	**2.94**	**2.78**
1 Year ago									
Mar. 13, 1943	2.07	3.20	2.76	2.88	3.14	4.02	3.73	3.01	2.87
2 Years ago									
Mar. 14, 1942	2.02	3.38	2.87	3.01	3.33	4.32	3.95	3.19	3.02

*These prices are computed from average yields on the basis of one "typical" bond 3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Moody's Common Stock Yields

The annual average yields for the years 1929 to 1941, inclusive, and monthly yields for 1941 are published on page 2218 of the June 11, 1942, issue of the "Chronicle." Monthly yields for 1942 are published on page 202 of the Jan. 14, 1943, issue.

MOODY'S WEIGHTED AVERAGE YIELD OF 200 COMMON STOCKS

	Industrials (125)	Railroads (25)	Utilities (25)	Banks (15)	Insurance (10)	Average Yield (200)
Year, 1941	6.3%	6.5%	6.6%	4.7%	4.2%	6.2%
Year, 1942	6.4	7.7	1.9	5.4	4.7	6.6
Year, 1943	4.5	6.9	5.8	4.1	3.9	4.8
January, 1943	5.0	7.9	6.8	4.5	4.1	5.4
February, 1943	4.7	7.3	6.3	4.4	4.1	5.1
March, 1943	4.5	6.8	6.2	4.0	3.9	4.8
April, 1943	4.5	6.6	5.8	4.1	3.9	4.8
May, 1943	4.3	6.2	5.5	4.0	3.8	4.6
June, 1943	4.2	6.4	5.4	3.9	3.8	4.5
July, 1943	4.5	6.8	5.5	4.1	3.9	4.7
August, 1943	4.4	6.6	5.5	4.0	3.8	4.7
September, 1943	4.3	6.5	5.5	4.0	3.7	4.6
October, 1943	4.5	6.6	5.5	4.0	3.7	4.7
November, 1943	4.9	7.8	5.7	4.0	4.0	5.1
December 1943	4.6	7.4	5.5	3.9	3.9	4.9
January, 1944	4.6	7.0	5.5	3.8	3.9	4.8
February, 1944	4.6	6.7	5.5	3.7	4.0	4.8

Stockholders' Derivative Suits Usually False According To N. Y. Chamber Survey

Urges Legislation Designed To Curb Baseless Actions Against Corporate Owners And Officers

Indications that the vast majority of stockholders derivative suits against officers and directors of publicly held corporations are proved ultimately to be unfounded and are prosecuted "principally for the benefit of the plaintiffs' attorneys" have resulted from an 18-months survey of such litigation, during the period running back as far as 1932 and through 1942, conducted in behalf of the Chamber of Commerce of the State of New York.

The survey was under the direction of the Special Committee on Corporate Litigation headed by Thomas I. Parkinson, President of the Equitable Life Assurance Society of the United States and former President of the Chamber. The two other members of the Committee are Richard W. Lawrence, another former President of the Chamber, and Arthur M. Reis, a member of the Executive Committee. Franklin S. Wood, attorney, of 20 Exchange Place, and his staff conducted the survey for the committee.

As set forth in a report which came before the Chamber at the monthly meeting on March 2, and was adopted on that date, the survey was undertaken "with a view to proposing measures to correct wrongdoing in corporate affairs and at the same time avoid baseless, costly litigation against innocent officers and directors and save the time of the courts consumed by such actions at the expense of the taxpayers."

The findings of the survey, as outlined in the report presented by Mr. Parkinson follow:

1. That the vast majority of such actions brought against officers and directors of publicly-held corporations are proved ultimately to be unfounded.
2. That such actions are brought by stockholders who frequently purchased their shares immediately prior to commencing suit.
3. That such stockholders hold so few shares of the corporations that they have no personnel interest in the subject matter of the action or in the outcome of the litigation.
4. That such actions are prosecuted principally for the benefit of the plaintiffs' attorneys.
5. That such ill-founded, speculative litigation has become costly and burdensome to corporate investors both by reason of the time required of officers and directors in the defense of such actions and the expense of such defense which, under section 61-a of the General Corporation Law, is imposed upon the corporation.

Along with the report, adopted on March 2, the following resolution was adopted by the chamber at the same time.

"Whereas, it is the conclusion of the Special Committee on Corporate Litigation, based on the results of the survey, that the undesirable features of stockholders' actions against corporate officers, directors and others, would be measurably mitigated by:

"(a) adopting the rule applied in Federal Courts throughout the country requiring stock ownership by the plaintiffs in derivative actions at the time of the transactions complained of, and

"(b) by requiring plaintiffs in such actions, if holding less than 5% of the stock of the class they claim to represent, unless the stock so held shall have a value in excess of $100,000, to give security for the costs and expenses which at present are saddled upon the corporation and the investing public when such actions prove groundless; now, therefore be it

Resolved, That the Committee recommends the introduction of a bill in the Legislature of the State of New York to amend the General Corporation Law of the state by the addition of a new section to be known as 61-b which, in effect, would (1) require stock ownership by the plaintiffs at the time of the transaction on which the complaint is based and (2) require plaintiffs in such actions holding less than 5% of the class of stock they claim to represent, unless the stock so held shall have a value in excess of $100,000, to post in advance of the trial of such action security, for the costs and expenses, including attorneys' fees, to which the corporation shall have recourse in the event that such actions prove baseless, and at the discretion of the court further require the plaintiffs from time to time to increase the amount of the security upon showing that the security provided is or may become inadequate.

Moody's Daily Commodity Index

Tuesday, March 7	249.7
Wednesday, March 8	250.1
Thursday, March 9	250.4
Friday, March 10	250.3
Saturday, March 11	250.4
Monday, March 13	250.7
Tuesday, March 14	250.8
Two weeks ago, Feb. 29	248.8
Month ago, Feb. 15	248.6
Year ago, March 13	247.0
1943 High, April 1	249.8
Low, Jan. 2	240.2
1944 High, March 14	250.8
Low, Jan. 5	247.0

Market Value Of Stocks On New York Stock Exchange Higher On Feb. 29

As of the close of business Feb. 29, there were 1,240 stock issues aggregating 1,491,580,259 shares listed on the New York Stock Exchange with a total market value of $48,494,092,518. This compares with 1,237 stock issues, aggregating 1,490,445,442 shares, with a total market value of $48,396,650,695 on Jan. 29.

In making public the Feb. 29 figures the Stock Exchange further said:

As of the close of business Feb. 29, NYSE member total net borrowings amounted to $811,244,373 of which $502,299,323 represented loans which were not collateralized by U. S. Government issues. The ratio of the latter borrowings to the market value of all listed stocks, on that date, was, therefore, 1.04%. As the loans not collateralized by U. S. Government issues include all other types of member borrowings, these ratios will ordinarily exceed the precise relationship between borrowings on listed shares and their total market value.

In the following table listed stocks are classified by leading industrial groups with the aggregate market value and average price for each:

	Feb. 29, 1944		Jan. 31, 1944	
	Market Value	Av. Price	Market Value	Av. Price
	$	$	$	$
Amusement	521,491,820	22.51	530,555,182	22.90
Automobile	4,080,762,172	33.79	3,981,424,465	32.97
Aviation	607,203,350	17.15	585,939,459	16.54
Building	557,799,534	26.76	566,148,000	27.24
Business and Office Equipment	412,941,844	31.96	416,293,137	32.35
Chemical	5,911,910,832	61.68	5,959,738,654	62.30
Electrical Equipment	1,556,672,721	38.05	1,604,317,636	39.21
Farm Machinery	778,864,548	56.92	788,399,056	57.62
Financial	968,479,626	19.39	967,198,407	19.36
Food	3,126,662,339	37.43	3,163,256,760	37.78
Garment	45,445,586	27.18	45,026,384	26.93
Land & Realty	29,542,107	6.07	30,422,981	6.25
Leather	243,159,025	28.85	236,148,920	28.02
Machinery & Metals	1,677,737,684	23.83	1,679,926,803	23.97
Mining (excluding iron)	1,371,623,101	22,26	1,374,070,601	22.29
Paper & Publishing	502,656,619	21,54	495,224,300	21.65
Petroleum	5,937,944,656	29.41	5,995,488,320	29.55
Railroad	3,843,937,174	35.74	3,721,101,844	34.53
Retail Merchandising	2,624,039,683	36.05	2,625,078,296	36.05
Rubber	572,871,142	53.88	522,731,814	51.34
Ship Building & Operating	97,236,908	17.63	96,963,967	17.58
Shipping Services	17,770,387	10.30	15,891,900	9.22
Steel, Iron & Coke	2,151,472,947	42.53	2,164,961,036	42.79
Textiles	512,872,142	34.25	518,682,000	34.64
Tobacco	1,252,848,117	46.01	1,268,497,440	46.58
Utilities:				
Gas & Electric (Operating)	2,243,349,880	21.67	2,233,290,855	21.57
Gas & Electric (Holding)	1,210,513,607	12.29	1,204,834,697	12.23
Communications	3,712,792,304	88.28	3,675,626,085	87.49
Miscellaneous Utilities	117,938,658	20.18	117,636,245	20.13
U. S. Cos. Operating Abroad	776,029,713	22,81	781,678,180	22.98
Foreign Companies	846,187,233	20.91	874,723,054	21.62
Miscellaneous Businesses	153,329,059	26,12	155,374,208	26.47
All Listed Stocks	48,494,092,518	32.51	48,396,650,695	32.47

We give below a two-year compilation of the total market value and the average price of stocks listed on the Exchange:

	Market Value	Average Price		Market Value	Average Price
1942—	$	$	1943—	$	$
Feb. 28	35,234,173,432	24.02	Mar. 31	45,845,738,377	31.20
Mar. 31	32,844,183,750	22.36	Apr. 30	46,192,361,639	31.45
Apr. 30	31,449,206,904	21.41	May 29	48,437,700,647	32.96
May 29	32,913,725,225	22.40	June 30	48,878,520,886	33.27
June 30	33,419,047,743	22.73	July 31	47,577,989,240	32.17
July 31	34,443,805,860	23.42	Aug. 31	47,710,472,858	32.04
Aug. 31	34,871,607,323	23.70	Sept. 30	48,711,451,018	32.82
Sept. 30	35,604,809,453	24.20	Oct. 30	48,178,040,869	32.44
Oct. 31	37,727,599,526	25.65	Nov. 30	45,101,778,943	30.33
Nov. 30	37,374,462,460	25.41	Dec. 31	47,607,294,582	31.96
Dec. 31	38,811,728,666	26.39			
1943—			1944—		
Jan. 30	41,410,585,043	28.16	Jan. 31	48,396,650,695	32.47
Feb. 27	43,533,661,753	29.61	Feb. 29	48,494,092,518	32.57

Civil Engineering Construction Up 13% In Week Private Volume Tops Last Week And 1943 Week

Civil engineering construction volume in continental United States totals $44,579,000 for the week. This volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 13% higher than in the preceding week, but declines 51% from the total reported to "Engineering News-Record" for the corresponding 1943 week and made public on March 9. The report went on to say:

Private construction is 10% above last week and 220% above last year as a result of the increased activity in large-scale private residential building. Public construction is up 14% compared with a week ago, but is 65% below a year ago.

The current week's construction brings 1944 volume to $358,386,000 for the 10-week period, a decrease of 49% from the $709,277,000 reported for the 1943 period. Private work, $80,550,000, is 30% higher than last year, but public construction, $277,836,000, is 57% lower due to the 60% decline in Federal volume.

Civil engineering construction volumes for the 1943 week, last week, and the current week are:

	Mar. 11, 1943	Mar. 2, 1944	Mar. 9, 1944
Total U. S. construction	$90,400,000	$39,411,000	$44,579,000
Private construction	4,483,000	12,984,000	14,335,000
Public construction	85,917,000	26,427,000	30,244,000
State and municipal	2,089,000	9,151,000	1,592,000
Federal	83,828,000	17,276,000	28,652,000

In the classified construction groups, gains over last week are in waterworks, sewerage, commercial building and large-scale private housing and public buildings. Increases over the 1943 week are in waterworks, industrial buildings, commercial building and large-scale private housing, and earthwork and drainage. Subtotals for the week in each class of construction are: waterworks, $752,000; sewerage, $560,000; industrial buildings, $2,660,000; commercial building and large-scale private housing, $11,328,000; public buildings, $19,544,000; earthwork and drainage, $424,000; streets and roads, $897,000; and unclassified construction, $8,414,000.

New capital for construction purposes for the week totals $13,908,000. It is made up of $9,908,000 in state and municipal bonds sales, and $4,000,000 in corporate security issues. The week's new construction financing brings 1944 volume to $173,861,000, a total 196% above the $58,759,000 reported for the ten-week period in 1943.

National Fertilizer Association Price Index Advances Fractionally

The weekly wholesale commodity price index, compiled by The National Fertilizer Association and made public March 13, advanced slightly to 137.0 in the week ending March 11 from 136.8 in the preceding week. A month ago this index registered 137.0 and a year ago 135.4, based on the 1935-1939 average as 100. The Association's report continued as follows:

The increase in the general level of the all-commodity price index was due primarily to higher quotations for both light and heavy hogs, which in turn caused a marked rise in the livestock and farm products index numbers. A sharp rise in raw cotton was another contributing factor to the fractional advance in the all-commodity index. Raw cotton was also the cause of the textiles group moving into higher ground. The foods group continued to decline for the third consecutive week as lower prices were quoted for white potatoes and eggs. All other group indexes remained unchanged at the previous week's level.

During the week price changes in the index were evenly balanced with three price series advancing and three declining; in the preceding week three price series advanced and six declined; and in the second preceding week the price changes were again evenly balanced with five advances and five declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Mar. 11, 1944	Preceding Week Mar. 4, 1944	Month Ago Feb. 12, 1944	Year Ago Mar. 13, 1943
25.3	Foods	137.8	138.0	139.0	137.6
	Fats and Oils	146.1	146.1	146.1	148.5
	Cottonseed Oil	159.6	159.6	159.6	160.1
23.0	Farm Products	157.4	156.3	155.9	154.9
	Cotton	199.8	198.3	197.5	199.8
	Grains	164.8	164.8	164.8	141.4
	Livestock	148.2	146.8	146.3	151.2
17.3	Fuels	130.1	130.1	130.1	121.7
10.8	Miscellaneous commodities	131.4	131.4	131.4	130.4
8.2	Textiles	151.9	151.6	151.5	151.2
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	152.4	152.4	152.4	152.2
1.3	Chemicals and drugs	127.7	127.7	127.7	127.1
.3	Fertilizer materials	117.7	117.7	117.7	117.6
.3	Fertilizers	119.8	119.8	119.9	119.8
.3	Farm machinery	104.2	104.2	104.2	104.1
100.0	All groups combined	137.0	136.8	137.0	135.4

*Indexes on 1926-1928 base were: March 11, 1944, 106.7; March 4, 106.6, and March 13, 1943, 105.5.

Finished Steel Shipments By Subsidiaries Of U. S. Steel Corporation New High For February

Shipments of finished steel products by subsidiaries of the United States Steel Corp. in February were the highest on record for that month it is announced. The daily average deliveries were slightly under those of the corresponding month last year, when there were 24 working days, against 25 this year.

Deliveries last month totaled 1,755,772 net tons, an increase of 24,985 net tons over January, and 64,180 net tons more than shipped in February, 1943. Shipments in February, 1942, were 1,616,587 net tons, and in the same month of 1941, they totaled 1,548,451 net tons.

For the 25 working days in February this year the average was 70,231 net tons, compared with 70,483 net tons in the like month of last year. In January the average was 66,568 net tons for 26 working days.

From January 1, to February 29, the total was 3,486,559 net tons, the highest in history for those two months, and an increase of 108,974 net tons over the 3,377,585 net tons delivered in the corresponding period of 1943. A daily average of 68,364 net tons was reached for 51 days in the first two months of this year, compared with 67,551 net tons for 50 days in 1943.

In the table below we list the figures by months for various periods since January, 1939:

	1944	1943	1942	1941	1940	1939
January	1,730,787	1,685,993	1,738,893	1,682,454	1,145,592	870,866
February	1,755,772	1,691,592	1,616,587	1,548,451	1,009,256	747,427
March	------	1,772,397	1,780,938	1,720,366	931,905	845,108
April	------	1,630,828	1,758,894	1,687,674	907,904	771,752
May	------	1,706,543	1,834,127	1,745,295	1,084,057	795,689
June	------	1,552,663	1,774,068	1,668,637	1,209,684	607,562
July	------	1,660,762	1,765,749	1,666,667	1,296,887	745,364
August	------	1,704,289	1,788,650	1,753,665	1,455,604	885,636
September	------	1,664,577	1,703,570	1,664,227	1,392,838	1,086,683
October	------	1,794,968	1,787,501	1,851,279	1,572,408	1,345,855
November	------	1,660,594	1,665,545	1,624,186	1,425,352	1,406,205
December	------	1,719,624	1,849,635	1,846,036	1,544,623	1,443,969
Total by mos.	------	20,244,830	21,064,157	20,458,937	14,976,110	11,752,116
Yearly adjust.	------	------	*449,020	*42,333	37,639	*44,865
Total	------	------	20,615,137	20,416,604	15,013,749	11,707,251

*Decrease.

Note—The monthly shipments as currently reported during the year 1942, are subject to adjustment reflecting annual tonnage reconciliations. These will be comprehended in the cumulative yearly shipments as stated in the annual report.

United States Refrains From Entering Into Diplomatic Relations With Argentine Govt.

Acting Secretary of State Stettinius made known at Washington, on March 4 that the United States has decided to refrain from entering official relations with the new Argentine regime pending developments. "This" said Mr. Stettinius "is the present status of our relations with the existing Argentine regime." The disclosure that diplomatic relations would not be entered into with the new regime, followed the transfer of power on Feb. 25 from the Government of President Pedro Ramirez to that of Gen. Edelmiro J. Farrell,—the latter according to Buenos Aires, being designated "Vice-President in exercise of the Executive Power." In the Washington "Post" of March 5 it was stated by staffwriter Ben W. Gilbert that Mr. Stettinius in his statement of March 4 hinted that the State Department has evidence that the new government came into power with the support of pro-Axis elements. From the account indicated in the Washington "Post" we also quote:

At a specially called press conference, Mr. Stettinius indicated that Argentina is still being used as a base for Axis operations in this hemisphere by listing five things the Argentine government could do which he said it had not done, including:

1. Intern Axis diplomats, military attaches and other agents who are still at liberty, even though the nation has severed diplomatic relations with Germany and Japan.

2. Clean up Axis espionage rings in Argentina. Mr. Stettinius recalled that former President Gen. Pedro Ramirez, who yielded his office to Vice-President Gen. Edelmiro Farrell on Feb. 25, had described the nation as a hotbed of Axis espionage activity.

3. Enforce the prohibition against the smuggling of critical goods to the Axis.

4. Further control communications—which apparently still exist fairly openly—between the Axis agents and Axis territory.

5. Prevent business transactions by Argentine institutions designed to aid Axis interests.

Information from London indicated that the British are following an identical policy with respect to Argentina.

The March 4 statement of Mr. Stettinius as given in a Washington dispatch to the New York "Times" follows:

"The foreign policy of the United States since the beginning of the war has been governed primarily by considerations of support to the prosecution of the war. That applies to our relations with any country. That is the single uppermost point in our policy, and must remain so.

"Prior to Feb. 25, the Argentine Government had been headed by General Ramirez. On Jan. 26, 1944, his Government broke relations with the Axis and indicated that it proposed to go farther in cooperating in the defense of the Western Hemisphere and the preservation of hemisphere security.

"Suddenly, on Feb. 25, under well-known circumstances, General Ramirez abandoned the active conduct of affairs. This Government has reasons to believe that groups not in sympathy with the declared Argentine policy of joining the defense of the hemisphere were active in this turn of affairs.

"The Department of State thereupon instructed Ambassador Armour on that date to refrain from entering official relations with the new regime pending developments. This is the present status of our relations with the existing Argentine regime.

"In all matters relating to the security and defense of the hemisphere, we must look to the substance rather than the form. We are in a bitter war with a ruthless enemy whose plan has included conquest of the Western Hemisphere. To deal with such grave issues on a purely technical basis would be to close our eyes to the realities of the situation.

"The support by important elements inimical to the United Nations war effort of movements designed to limit action already taken could only be a matter of grave anxiety.

"The United States has at all times had close ties with Argentina and the Argentine people. It has consistently hoped, and continues to hope, that Argentina will take the steps necessary to bring her fully and completely into the realm of hemispheric solidarity, so that Argentina will play a part worthy of her great traditions in the world-wide struggle on which the lives of all of the American countries, including Argentina, now depend. The policies and types of action, present and future, which would effectuate this full cooperation are fully known in Argentina, as in the rest of the hemisphere."

Weekly Coal And Coke Production Statistics

The Solid Fuels Administration for War, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended March 4, 1944, is estimated at 12,050,000 net tons, a decrease of 525,000 tons, or 4.2%, from the preceding week. Soft coal output in the week ended March 6, 1943 amounted to 12,256,000 tons. Total production for the current year to date is 4.9% in excess of that for the same period last year.

According to the U. S. Bureau of Mines, output of Pennsylvania anthracite for the week ended March 4, 1944, which includes Sunday, February 27, was estimated at 1,404,000 tons, an increase of 58,000 tons (4.3%) over the preceding week. When compared with the production in the corresponding week of 1943, there was an increase of 161,000 tons or 13.0%. The calendar year to date shows an increase of 7.7% when compared with the corresponding period last year.

The Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended March 4, 1944 showed a decrease of 6,200 tons when compared with the output for the week ended February 26, 1944. The quantity of coke from beehive ovens decreased 5,200 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL
(In Net Tons)

	Week Ended			January 1 to Date		
Bituminous coal and lignite—	Mar. 4, 1944	Feb. 26, 1944	*Mar. 6, 1943	†Mar. 4, 1944	Mar. 6, 1943	Mar. 6, 1937
Total, incl. mine fuel	12,050,000	12,575,000	12,256,000	114,525,000	109,191,000	95,339,000
Daily average	2,008,000	2,095,000	2,043,000	2,094,000	1,985,000	1,737,000

*Revised. †Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	Week Ended			Cal. Year to Date		
Penn. anthracite—	§Mar. 4, 1944	¶Feb. 26, 1944	Mar. 6, 1943	Mar. 4, 1944	Mar. 6, 1943	Mar. 9, 1929
*Total incl. coll. fuel	1,404,000	1,346,000	1,243,000	11,694,000	10,862,000	15,042,000
†Commercial production	1,348,000	1,292,000	1,193,000	11,227,000	10,428,000	13,959,000
Byproduct coke—						
United States total	1,267,500	1,273,700	1,220,900	11,658,900	11,298,700	‡
Beehive coke—						
United States total	150,600	155,800	162,700	1,442,500	1,449,000	1,167,000

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision. ¶Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In net tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended			
State	Feb. 26, 1944	Feb. 19, 1944	Feb. 27, 1943	Feb. 27, 1937
Alabama	393,000	400,000	379,000	304,000
Alaska	5,000	5,000	6,000	2,000
Arkansas and Oklahoma	93,000	94,000	111,000	50,000
Colorado	180,000	186,000	179,000	197,000
Georgia and North Carolina	1,000	1,000	¶	¶
Illinois	1,568,000	1,552,000	1,568,000	1,493,000
Indiana	574,000	575,000	546,000	500,000
Iowa	50,000	58,000	69,000	116,000
Kansas and Missouri	183,000	184,000	200,000	192,000
Kentucky—Eastern	992,000	925,000	1,048,000	916,000
Kentucky—Western	365,000	335,000	343,000	322,000
Maryland	37,000	36,000	40,000	42,000
Michigan	8,000	6,000	4,000	23,000
Montana (bituminous and lignite)	87,000	113,000	93,000	68,000
New Mexico	38,000	36,000	40,000	45,000
North and South Dakota (lignite)	60,000	61,000	55,000	71,000
Ohio	660,000	686,000	642,000	653,000
Pennsylvania (bituminous)	2,977,000	2,990,000	2,920,000	2,813,000
Tennessee	165,000	165,000	166,000	119,000
Texas (bituminous and lignite)	3,000	3,000	4,000	16,000
Utah	144,000	136,000	127,000	112,000
Virginia	423,000	404,000	454,000	307,000
Washington	26,000	33,000	36,000	46,000
*West Virginia—Southern	2,322,000	2,218,000	2,517,000	2,052,000
†West Virginia—Northern	1,009,000	932,000	974,000	731,000
Wyoming	211,000	195,000	197,000	157,000
‡Other Western States	1,000	1,000	¶	1,000
Total bituminous and lignite	12,575,000	12,390,000	**12,718,000	11,348,000
§Pennsylvania anthracite	1,346,000	1,432,000	1,279,000	718,000
Total all coal	13,921,000	13,822,000	13,997,000	12,066,000

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada, and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Less than 1,000 tons. **Revised.

Income Payments To Individuals In December At Record Figure According To OWI

Income payments to American individuals during December reached a record high of $13,500,000,000, the Office of War Information said on March 2, in releasing the fifth of a series of monthly economic stabilization summaries based on data from the Department of Commerce, War Production Board, Treasury Department, the Labor Department's Bureau of Labor Statistics, and the Federal Reserve Board. The advices from the OWI state:

"Available statistics indicate that Americans are increasing their earnings at a more rapid rate than they are spending them on consumer goods and services. Income payments to individuals during 1943, for example, totaled nearly $142,000,000,000, an increase of 22.4% over the $116,000,000,000 total for 1942. At the same time, expenditures for goods and services increased from $82,000,000,000 in 1942 to $90,600,000,000 in 1943, or 10.4%. However, this was the greatest amount ever spent for goods and services in any one year, OWI pointed out, the 1942 figure being the previous peak.

"Expenditures for consumer goods alone totaled $12,335,000,000 for November and December—including Christmas holiday spending—as against $11,104,000,000 for the same two-month period in 1942. This represented an increase of 11%.

"Record payments to individuals were a contributory factor in bringing money in circulation to the record total of $20,400,000,000 in December, the 46th consecutive month to show an increase. The comparable figure for December, 1942, was $15,400,000,000.

"Bureau of Labor Statistics figures showed that the general cost of living increased 3.3% between December, 1942, and December, 1943, while wholesale prices for the same period were held to a 2.2% rise. The same statistics showed that the cost of food rose slightly more than 3.3% during the same period."

The following summary is made available by the OWI:

FACTORS AGAINST STABILIZATION

(In billions of dollars unless otherwise noted. Figures for 1943 based on latest Government estimates available. Annual, monthly and quarterly figures are actual, unless otherwise designated.)

	1942	1943 (Est.)
Income payments to individuals	116	142
Consumer goods and services available	82	90.6
Excess of income over consumer goods and services available (after taxes)	27	33.4
War expenditures	52.4	85.1
December war expenditures	6.1	7
Amount of War Bond redemptions (December)	48 Million	200 Million
Money in circulation (Dec. 31)	15.4	20.4
Money in checking accounts (Dec. 31): (Federal Reserve reporting member banks)	28.3	33.9

FACTORS TOWARD STABILIZATION

	1942	1943 (Est.)
Personal taxes (Federal, state, local)	7	18
War Bond sales (Dec.) (sales to commercial banks excl.)	*1,014 Million	853 Million
Individuals making payroll savings (December)	24.5 Million	26.8 Million
Amount purchased through deductions (December)	355 Million	460 Million
E F and G bonds outstanding (Dec. 31)	11.447	23.746
Life insurance premiums collected (October)	260.4 Million	283.2 Million

*Including First War Loan Drive.

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	Dec., 1943	Nov., 1943	Dec., 1942
Cost of living	124.4	124.2	120.4
Cost of food	137.1	137.3	132.7
Wholesale prices	103.2	102.9	101
Farm products	121.8	121.4	113.8
Retail sales adjusted index (1935-39=100)	171.1	175.5	153.9
Weekly earnings in manufacture	44.68	45.27	40.27
*Straight time hourly earnings	90.1 (cents)	90.6 (cents)	84.2 (cents)

*Does not allow for shifts in occupation since October, 1942.

The Treasury Department pointed out that War Bond redemptions vary from month to month because of emergencies such as medical expenses as well as anticipated major expenditures and fixed financial commitments.

Non-Ferrous Metals — MRC Ends Premium Price Contracts For Tungsten–Lead Buying Fair

"E. & M. J. Metal and Mineral Markets," in its issue of March 9, stated: "Termination of premium payments for tungsten ore was announced by WPB during the last week, reflecting a comfortable supply situation. The regular market for the ore remained unchanged, but the price outlook became uncertain pending developments at the mines. Production and imports have been in excess of requirements for some time. The price at which Canada is selling aluminum to the United States has been reduced, it was stated officially. This move is not expected to influence the domestic market for the light metal. Deliveries of copper are of record proportions." The publication further goes on to say in part:

Copper

Producers are convinced that the excellent bookings for the current month will result in the largest monthly deliveries of copper on record. In some quarters it is estimated that deliveries of domestic and foreign copper for March will total between 160,000 and 165,000 tons. Requests for April copper are coming through, and that month also promises to be an active period for fabricating.

Lead

Buying of lead was in fair volume during the last week, involving 5,850 tons, against 8,212 tons in the preceding seven-day period. Call for lead is expected to increase from now on until requests for foreign metal to round out April needs are due for consideration in Washington later this month. March requirements are about covered, but purchases against April's demands are estimated at much more than 25%.

Zinc

Despite recent improvement in the demand for zinc, production continues in excess of consumption. The statistics for February, about to become available, will show another increase in stocks on hand.

Restrictions on use of zinc for civilian needs are being lifted very slowly. Galvanizing has picked up a little. During the last week, WPB authorized the use of zinc in the manufacture of slide fasteners.

Aluminum

Munitions Minister Howe of Canada announced last week that the price of aluminum sold by the Aluminum Co. of Canada to the United States and the United Kingdom has been reduced. The extent of the decline in the price was not revealed.

Metals Reserve purchased approximately 1,300,000,000 lb. of aluminum from the Canadian producer for delivery during 1942, 1943, and 1944. The price originally agreed upon was somewhat higher than that now prevailing in the United States market.

Tungsten

Metals Reserve Co. has informed "eligible" producers of tungsten ore who have been obtaining a premium of $6 a unit of WO3 ($30 a unit) that their contracts will be discontinued on April 30, 1944, under terms agreed upon by producers and the government's buying agency. Action was taken because "adequate stockpiles" have been built up.

The announcement has left the regular market for tungsten ore unchanged. Whether Metals Reserve intends to support the market at $24 a unit is a question that trade authorities were asking as the week ended. Output at $24 will be substantial, it is felt among consumers, and consumption is expected to decline over the remainder of the year.

Magnesium

Magnesium powder, magnesium dust, and similar magnesium materials were placed under the coverage of MPR 314, OPA announced March 7. This regulation provides ceiling prices for magnesium and magnesium alloy ingot. Previously, powder and dust were covered by the General Maximum Price Regulation. Ceiling prices will continue to be the highest prices individual sellers charged during March, 1942.

Tin

Bolivia exported the equivalent of 3,934 metric tons of tin contained in ore during November, according to press advices from that country. This total is somewhat higher than the monthly average for the first ten months of 1943. More than one-half of the total exported during November was consigned to the United States, trade authorities maintain.

Production of tinplate for the second quarter of 1944 will reach 825,000 tons, WPB announced last week, an increase of 75,000 tons.

There were no market developments in tin during the last week. WPB is releasing the metal for essential uses on the unchanged basis of 52c. a pound for "Grade A" or Straits quality tin. Forward metal was nominally as follows, in cents a pound:

	March	April	May
March 2	52.000	52.000	52.000
March 3	52.000	52.000	52.000
March 4	52.000	52.000	52.000
March 6	52.000	52.000	52.000
March 7	52.000	52.000	52.000
March 8	52.000	52.000	52.000

Chinese, or 99% tin, was unchanged at 51.125c. all week.

Quicksilver

Activity in quicksilver was described as routine in character and the situation underwent little or no change in the week that ended yesterday. Quotations in New York continued at $130 to $1135 per flask.

With stocks of quicksilver large, amounting to about a two-year supply, curtailment in output and imports is necessary to stabilize prices, WPB officials contend. However, WPB feels that to safeguard stocks and to provide against all possible contingencies, at least a segment of the domestic producing industry should be kept in continuous and substantial operation.

Silver

The London market for silver was quiet and unchanged at 23½d. The New York Official for foreign silver continued at 44¾c., with domestic metal at 70⅝c. The Treasury's quotation for foreign silver held at 35c.

Daily Prices

The daily price of electrolytic copper (domestic and export refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" of July 31, 1942, page 380.

Mortgage Clinic To Be Held In New York

The second 1944 "mortgage clinic" of the Mortgage Bankers Association of America will be in New York at the Hotel Biltmore April 13 and 14 and sponsored in cooperation with the Northern New Jersey and Philadelphia Mortgage Bankers associations, H. G. Woodruff, Detroit, President, announced on March 11. W. A. Clarke, Philadelphia, who will act as moderator at the meeting, George B. Underwood, Irvington, N. J. regional Vice-President for the Eastern states, and John C. Thompson, Newark, a member of the Board of Governors, will direct the two-day conference. Members of the Northern New Jersey and Philadelphia associations met on March 8th in Newark to make preliminary arrangements. Other Eastern associations to participate are the Baltimore and Pittsburgh organizations. More than 500 mortgage and commercial bankers, real estate men, title and trust company officers, life insurance executives and government agency officials, mostly from Eastern states, are expected. The Association held its first 1944 clinic in Chicago March 2 and 3 which was attended by about 450 representatives of lending institutions.

The program on Apr. 13-14 will be devoted primarily to problems affecting real estate financing now and in the post-war period. How private capital can participate in financing housing for the low income groups, federal housing policies after the war and the extent and kind of the new building the country will see in the post-war period are some of the subjects to be reviewed.

Contrary to past custom, the Association is opening the meeting to non-members interested in new building and real estate financing. This is being done, said Mr. Thompson, to secure representative views of the various interests influencing the role of private enterprise in construction financing and related fields after the war.

Trading On New York Exchanges

The Securities and Exchange Commission made public on Mar. 11 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Feb. 26, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Feb. 26 (in round-lot transactions) totaled 1,314,279 shares, which amount was 15.18% of the total transactions on the Exchange of 4,328,350 shares. This compares with member trading during the week ended Feb. 19 of 1,509,229 shares, or 15.98% of the total trading of 4,721,580 shares. On the New York Curb Exchange, member trading during the week ended Feb. 26 amounted to 344,825 shares; or 13.91% of the total volume on that exchange of 1,239,195 shares; during the Feb. 19 week trading for the account of Curb members of 314,770 shares was 14.86% of total trading of 1,088,820 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED FEB. 26, 1944

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	98,110	
‡Other sales	4,230,240	
Total sales	4,328,350	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	333,400	
Short sales	43,810	
‡Other sales	266,000	
Total sales	309,810	7.43
2. Other transactions initiated on the floor—		
Total purchases	231,510	
Short sales	6,600	
‡Other sales	175,890	
Total sales	182,490	4.78
3. Other transactions initiated off the floor—		
Total purchases	135,469	
Short sales	5,740	
‡Other sales	115,860	
Total sales	121,600	2.97
4. Total—		
Total purchases	700,379	
Short sales	56,150	
‡Other sales	557,750	
Total sales	613,900	15.18

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED FEB. 26, 1944

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	11,600	
‡Other sales	1,227,595	
Total sales	1,239,195	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	72,985	
Short sales	7,560	
‡Other sales	81,910	
Total sales	89,470	6.55
2. Other transactions initiated on the floor—		
Total purchases	44,045	
Short sales	3,500	
‡Other sales	37,840	
Total sales	41,340	3.45
3. Other transactions initiated off the floor—		
Total purchases	43,805	
Short sales	200	
‡Other sales	52,980	
Total sales	53,180	3.91
4. Total—		
Total purchases	160,835	
Short sales	11,260	
‡Other sales	172,730	
Total sales	183,990	13.91
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	47,471	
Total purchases	47,471	
Total sales	27,899	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Wholesale Commodity Index Declines In Week Ended March 4, Labor Dept. Reports

The Bureau of Labor Statistics' index of commodity prices in primary markets dropped 0.2% during the week ended March 4, chiefly because of lower prices for livestock, grains, cotton, and certain fruits and vegetables, says the U. S. Labor Department on March 9. It adds that quotations for principal industrial commodities were generally unchanged from the week before.

At 103.4% of the 1926 average, the all-commodity index is 0.3% higher than at this time last month and one-half of 1% above a year ago, the Department states, adding:

"**Farm Products and Foods**—The decline of 0.8% in farm products and the 0.1% decrease in average prices for foods were principally caused by sharp decreases in market quotations for oats and wheat, hogs and sheep, for cotton, eggs, and sweet potatoes, and for white potatoes in New York and Portland. Oregon markets. Higher prices were reported for rye, apples (New York market), lemons and oranges, for onions and for rye flour and corn meal. Compared with the corresponding week in March, 1943, average prices for farm products are higher by 1%, while food prices are lower by 1.8%.

"**Industrial Commodities**—Markets for industrial commodities continued to show relative stability. Quotations for goatskins, rosin, and turpentine averaged slightly higher. Lower prices were reported for roofing tile, No. 1 common white oak, and spruce lumber. A substantial downward revision in refrigerator prices by one manufacturer resulted in a decline of 0.3% in the index for housefurnishing goods. Except for these changes prices of major industrial products remained unchanged from the preceding week.

The following notation is contained in the Department's announcement:

Note—During the period of rapid changes caused by price controls, materials allocation, and rationing the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following tables show (1) index numbers for the principal groups of commodities for the past three weeks, for Feb. 5, 1944, and March 6, 1943, and the percentage changes from a week ago, a month ago, and a year ago, and (2) percentage changes in subgroup indexes from Feb. 26 to March 4, 1944:

WHOLESALE PRICES FOR WEEK ENDED MARCH 4, 1944

(1926=100)

						Percentage changes to March 4, 1944 from—		
Commodity Groups—	3-4 1944	2-26 1944	2-19 1944	2-5 1944	3-6 1943	3-4 1944	2-5 1944	3-6 1943
All commodities	*103.4	*103.6	*103.3	*103.1	102.9	—0.2	+0.3	+ 0.5
Farm products	*123.2	*124.2	122.8	122.1	122.0	—0.8	+0.9	+ 1.0
Foods	104.5	104.6	104.1	104.2	106.4	—0.1	+0.3	— 1.8
Hides and leather products	117.6	117.5	117.7	117.7	118.4	+0.1	—0.1	— 0.7
Textile products	97.3	97.2	97.2	97.2	96.8	+0.1	+0.1	+ 0.5
Fuel and lighting materials	83.7	83.7	83.7	83.2	80.9	0	+0.6	+ 3.5
Metals and metal products	*103.8	*103.8	*103.8	*103.8	103.9	0	0	— 0.1
Building materials	113.7	113.7	113.7	113.5	110.1	0	+0.2	+ 3.3
Chemicals and allied products	100.4	100.4	100.4	100.4	99.9	0	0	+ 0.5
Housefurnishing goods	105.9	106.2	106.2	104.4	104.1	—0.3	+1.4	+ 1.7
Miscellaneous commodities	93.3	93.3	93.3	93.0	91.0	0	+0.3	+ 2.5
Raw materials	*113.2	*113.7	113.0	112.4	111.2	—0.4	+0.7	+ 1.8
Semimanufactured articles	93.5	93.5	93.5	93.2	92.9	0	+0.3	+ 0.6
Manufactured products	*100.6	*100.6	*100.6	*100.5	100.6	0	+0.1	0
All commodities other than farm products	*99.2	*99.2	*99.2	*99.0	98.7	0	+0.2	+ 0.5
All commodities other than farm products and foods	*98.3	*98.3	*98.2	*98.0	96.6	0	+0.3	+ 1.8

*Preliminary.

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM FEB. 26, 1944 TO MARCH 4, 1944

Increases			
Cotton goods	0.4	Paint and paint materials	0.2
Hides and skins	0.3	Cereal products	0.1
Decreases			
Livestock and poultry	1.1	Other farm products	0.6
Grains	0.7	Fruits and vegetables	0.3
Furniture	0.6	Brick and tile	0.2
Lumber	0.1		

Bank Debits For Month Of February

The Board of Governors of the Federal Reserve System issued on Mar. 10, its usual monthly summary of "bank debits," which we give below:

SUMMARY BY FEDERAL RESERVE DISTRICTS

[In millions of dollars]

			—3 Months Ended—	
Federal Reserve District—	Feb. 1944	Feb. 1943	Feb. 1944	Feb. 1943
Boston	3,490	2,667	10,762	9,266
New York	30,028	23,044	90,993	74,698
Philadelphia	3,087	2,533	10,024	8,483
Cleveland	4,527	3,551	14,540	12,295
Richmond	2,487	2,057	7,862	6,935
Atlanta	2,467	1,872	7,603	6,251
Chicago	10,868	8,431	34,078	27,945
St. Louis	1,943	1,603	6,278	5,416
Minneapolis	1,350	984	4,337	3,372
Kansas City	2,232	1,882	7,257	6,216
Dallas	2,006	1,532	6,275	5,203
San Francisco	6,221	4,716	19,087	15,586
Total, 334 centers	70,704	54,872	219,096	181,666
New York City*	27,592	21,112	83,559	68,446
140 other centers*	36,481	28,437	114,586	95,237
193 other centers	6,631	5,323	20,952	17,983

*Included in the national series covering 141 centers, available beginning in 1919.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made pubilc on March 11 a summary for the week ended March 4 of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current fugures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended March 4, 1944

Odd-Lot Sales by Dealers (Customers' purchases)	Total for Week
Number of orders	16,774
Number of shares	457,490
Dollar value	$18,460,918
Odd-Lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	184
*Customers' other sales	17,102
Customers' total sales	17,236
Number of Shares:	
Customers' short sales	6,152
*Customers' other sales	427,430
Customers' total sales	433,582
Dollar value	$14,180,889
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	60
†Other sales	124,090
Total sales	124,150
Round-lot Purchases by Dealers—	
Number of shares	151,530

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Cutting Cost Of Mortgage Money Discussed At Savings & Loan Institute Conference

Jack E. Barry Elected Head of Group

The effective cost of mortgage money to the borrower may be cut in other ways than by decreasing the interest rate, it was pointed out at Chicago on Feb. 26 in a forum discussion at the War Conference of the American Savings and Loan Institute. Robert T. Souter, Chicago, Secretary-Treasurer of the Institute, which is the national educational organization of the business, said that such services as collecting money ahead of time for the property tax and paying the taxes for the borrower, and helping accumulate funds in readiness for repairs when they are needed, actually lower the cost of money to the individual.

Six savings and loan executives from coast to coast participated in the forum which it is stated brought out that one important, effective way to lower the cost of mortgage money in the post-war world will be by various devices which help reduce the natural risk involved in lending. Cited as ways of reducing risks were "builders' pool" mortgage plans which involve special reserve allocation until higher percentage loans are paid down to a more conservative percentage of the property value, and "excess reserve" plans which would guarantee that portion of the mortgage exceeding the traditional percentage of the loan to the value of the property, both of which are being discussed in savings and loan circles today. Also, it is stated, the devices to include in the monthly payment on the loan tax and property maintenance funds were cited as ways to make safer loans at a lower net cost to the borrower.

In a discussion of the appraisal of the personal security in a loan to a home-owner, Fred T. Backstrom, New Haven, Connecticut Savings and Loan Executive, said that a survey has shown that in normal peace times, the average home-owner stays in the same house about seven years.

Members of the panel besides Mr. Souter and Mr. Backstrom were: Walter F. McCaleb, Jr., Cleveland; Harry W. Allen, Philadelphia; R. W. Little, Los Angeles; Herbert N. Faulkner, Boston; and N. W. Mitchell, Winston-Salem, North Carolina.

Elected to the Presidency of the American Savings and Loan Institute at its natural war conference in Chicago, held Feb. 21-22, was Jack E. Barry, Secretary-Treasurer of the Oklahoma City Federal Savings and Loan Association. He succeeds Charles L. Plumb, New York City. Other officers elected were: First Vice-President, G. VanderEnde, Berkeley, Calif., Secretary of the Berkeley Guarantee Building & Loan Association; and Second Vice-President, Francis E. Ingalls, Assistant Treasurer of the Lincoln Cooperative Bank, Lynn, Mass.

Eight district Governors were elected for this national educational organization of the business: Warren L. Milliken, Assistant Treasurer, Norwood Cooperative Bank, Norwood, Mass.; Christian W. Staugaard, Executive Vice-President, South Bergen Savings & Loan Association, Wood-Ridge, N. J.; Nicholas W. Mitchell, Jr., Assistant Secretary-Treasurer, Piedmont Federal Savings and Loan Association, Winston-Salem, N. C.; Donald L. Adair, President, South Bend Federal Savings & Loan Association, South Bend, Ind.; S. E. Smith, Vice-President, Farm and Home Savings & Loan Association, Nevada, Mo.; Thomas J. Sewell, Interstate Building & Loan Association, Kansas City, Kan.; Edward O. Morgan, Secretary-Treasurer, Southern California Building & Loan Association, Los Angeles; and G. Ellwood Knapp, Executive Vice-President of the Friendship Federal Savings & Loan Association, Pittsburgh, Pa.

Daily Average Crude Oil Production For Week Ended March 4, 1944 Decreased 10,550 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended March 4, 1944 was 4,412,725 barrels, a decrease of 10,550 barrels under the preceding week. It was, however, 525,525 barrels per day in excess of that recorded for the corresponding week of last year and 44,425 barrels per day more than the daily average figure recommended by the Petroleum Administration for War for the month of March, 1944. Daily output for the four weeks ended March 4, 1944 averaged 4,404,900 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,344,000 barrels of crude oil daily and produced 13,267,000 barrels of gasoline; 1,351,000 barrels of kerosine; 4,513,000 barrels of distillate fuel oil, and 8,590,000 barrels of residual fuel oil during the week ended March 4, 1944; and had in storage at the end of that week 86,091,000 barrels of gasoline; 7,013,000 barrels of kerosine; 33,145,000 barrels of distillate fuel, and 51,175,000 barrels of residual fuel oil. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations March	*State Allowables Begin. Mar. 1	Actual Production Week Ended Mar. 4, 1944	Change from Previous Week	4 Weeks Ended Mar. 4, 1944	Week Ended Mar. 6, 1943
Oklahoma	328,000	327,000	†327,600	+ 3,100	326,200	342,300
Kansas	285,000	269,400	†272,800	— 6,900	275,550	299,100
Nebraska	1,000	----	†1,300	— 50	1,200	2,500
Panhandle Texas			96,750	— 5,250	100,700	88,600
North Texas			141,450	+ 1,500	140,350	135,200
West Texas			349,150	—12,850	358,800	218,000
East Central Texas			116,700	— 150	113,500	99,800
East Texas			376,000	—14,600	386,950	323,400
Southwest Texas			290,550	+ 2,300	288,800	173,050
Coastal Texas			515,000	— 1,600	516,200	354,200
Total Texas	1,838,000	‡1,854,302	1,885,600	—30,650	1,905,300	1,392,250
North Louisiana			76,500	+ 400	76,750	89,500
Coastal Louisiana			283,650	+ 550	283,250	250,600
Total Louisiana	347,700	372,700	360,150	+ 950	360,000	340,100
Arkansas	76,700	78,591	79,300	+ 500	78,900	72,100
Mississippi	46,000		43,600	+ 250	43,400	54,950
Alabama			25	----	----	----
Florida			50	----	----	----
Illinois	215,000		218,300	+11,350	210,050	238,000
Indiana	13,600		13,100	— 50	13,250	16,400
Eastern— (Not incl. Ill., Ind., Ky.)	72,200		74,800	+ 2,550	71,300	70,400
Kentucky	24,000		23,050	+ 3,550	21,400	17,900
Michigan	52,000		52,500	+ 400	52,850	57,900
Wyoming	93,000		93,100	— 750	95,200	87,250
Montana	24,000		20,800	----	20,900	17,800
Colorado	7,000		8,250	+ 1,000	7,700	6,650
New Mexico	111,700	111,700	112,900	----	112,950	96,600
Total East of Calif.	3,534,900		3,587,225	—14,750	3,596,150	3,112,200
California	833,400	§833,400	825,500	+ 4,200	808,750	775,000
Total United States	4,368,300		4,412,725	—10,550	4,404,900	3,887,200

*P.A.W. recommendations and state allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. March 2, 1944.

‡This is the net basic allowable as of March 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 20 days, the entire state was ordered shut down for 8 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 8 days shutdown time during the calendar month. §Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED MARCH 4, 1944

(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are ——therefore on a Bureau of Mines basis——

District—	Daily Refining Capacity Potential Rate	% Reporting	Crude Runs to Stills Daily Average	% Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuel Oil	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast Texas Gulf, Louisiana Gulf, North Louisiana-Arkansas, and inland Texas	2,448	90.0	2,197	89.7	6,430	37,323	14,757	15,123
Appalachian—								
District No. 1	130	83.9	95	73.1	309	2,105	1,102	175
District No. 2	47	87.2	56	119.1	164	1,291	361	222
Ind., Ill., Ky.	824	85.2	763	92.6	2,674	19,262	5,904	2,904
Okla., Kans., Mo.	416	80.1	333	80.0	1,252	8,277	1,521	1,274
Rocky Mountain—								
District No. 3	8	26.9	12	150.0	38	82	21	30
District No. 4	141	58.3	84	59.6	300	2,054	347	545
California	817	89.9	804	98.4	2,100	15,697	9,132	30,902
Total U. S. B. of M. basis March 4, 1944	4,831	87.1	4,344	89.9	13,267	†86,091	33,145	51,175
Total U. S. B. of M. basis Feb. 26, 1944	4,831	87.1	4,377	90.6	13,183	85,248	33,766	51,387
U. S. Bur. of Mines basis March 6, 1943			3,595		10,034	92,765	34,005	69,044

*At the request of the Petroleum Administration for War. †Finished, 75,063,000 barrels; unfinished, 11,028,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,351,000 barrels of kerosine, 4,513,000 barrels of gas oil distillate fuel oil and 8,590,000 barrels of residual fuel oil produced during the week ended March 4, 1944, which compares with 1,726,000 barrels, 4,558,000 barrels and 8,952,000 barrels, respectively, in the preceding week and 1,438,000 barrels, 3,809,000 barrels and 7,023,000 barrels, respectively, in the week ended March 6, 1943.

Note—Stocks of kerosine at March 4, 1944 amounted to 7,013,000 barrels, as against 7,129,000 barrels a week earlier and 5,769,000 barrels a year before.

Market Value Of Bonds On N. Y. Stock Exchange

As of the close of business Feb. 29, there were 1,092 bond issues aggregating $96,631,760,238 par value listed on the New York Stock Exchange with a total market value of $96,837,573,171. This compares with 1,091 bond issues, aggregating $90,741,549,801 par value with a total market value of $90,544,387,232 on Jan. 31.

In the following table listed bonds are classified by governmental and industrial groups with the aggregate market value and average price for each:

Group—	Feb. 29, 1944 Market Value $	Feb. 29, 1944 Average Price $	Jan. 31, 1944 Market Value $	Jan. 31, 1944 Average Price $
U. S. Government (incl. N. Y. State, Cities, etc.)	80,045,819,626	103.27	73,949,486,971	103.32
U. S. companies:				
Automobile	7,790,000	102.50	7,790,000	102.50
Building	13,322,375	101.70	13,248,000	101.13
Business and office equipment	15,750,000	105.00	15,787,500	105.25
Chemical	47,251,250	102.94	47,029,750	102.46
Electrical equipment	35,975,000	102.79	35,856,250	102.45
Financial	53,768,681	103.13	53,832,643	102.97
Food	266,763,922	105.83	267,277,754	106.03
Land and realty	11,712,303	89.01	11,411,051	86.72
Machinery and metals	36,186,967	102.13	36,133,571	101.98
Mining (excluding iron)	90,368,421	67.53	85,367,384	63.45
Paper and publishing	33,674,271	103.68	33,570,668	103.36
Petroleum	586,690,199	103.68	587,843,030	103.88
Railroad	7,918,110,121	80.72	7,729,873,814	78.59
Retail merchandising	12,694,050	91.93	12,348,824	89.43
Rubber	70,439,088	102.58	70,864,131	103.20
Shipping services	21,425,509	83.15	21,111,593	81.93
Steel, iron and coke	483,997,310	102.33	483,520,587	102.20
Textiles	37,825,438	104.39	37,869,188	104.51
Tobacco	173,613,178	105.88	173,608,349	105.88
Utilities:				
Gas and electric (operating)	3,268,285,800	108.47	3,267,737,595	108.42
Gas and electric (holding)	59,380,000	106.04	60,330,000	107.73
Communications	1,182,036,106	111.29	1,132,372,174	110.82
Miscellaneous utilities	106,393,105	73.64	105,239,361	72.85
U. S. companies oper. abroad	139,177,560	78.42	140,928,823	78.77
Miscellaneous businesses	31,183,313	105.60	31,298,530	105.99
Total U. S. companies	14,703,813,967	90.35	14,512,250,570	88.98
Foreign government	1,335,120,611	66.11	1,334,429,352	65.66
Foreign companies	752,818,967	91.20	748,220,339	90.63
All listed bonds	96,837,573,171	100.21	90,544,387,232	99.78

The following table, compiled by us, gives a two-year comparison of the total market value and the total average price of bonds listed on the Exchange:

1942—	Market Value $	Average Price $	1943—	Market Value $	Average Price $
Feb. 28	57,584,410,504	95.13	Mar. 31	71,575,183,604	98.24
Mar. 31	58,140,382,211	95.97	Apr. 30	71,857,596,488	98.69
Apr. 30	57,923,553,616	95.63	May 29	81,048,543,830	99.47
May 29	59,257,509,674	95.64	June 30	80,704,321,646	99.64
June 30	59,112,072,945	95.50	July 31	80,352,221,151	99.35
July 31	61,277,620,583	95.76	Aug. 31	80,109,269,964	99.23
Aug. 31	62,720,371,752	96.08	Sept. 30	80,149,558,292	99.37
Sept. 30	62,765,776,218	96.18	Oct. 30	90,501,768,934	99.45
Oct. 31	64,843,877,284	96.48	Nov. 30	90,076,888,558	99.02
Nov. 30	64,543,971,299	96.11	Dec. 31	90,274,071,634	99.38
Dec. 31	70,583,644,622	96.70	1944—		
1943—			Jan. 31	90,544,387,232	99.78
Jan. 30	71,038,674,932	97.47	Feb. 29	96,837,573,171	100.21
Feb. 27	71,346,452,852	97.79			

Cottonseed Receipts To February 29

On March 13, the Bureau of Census issued the following statement showing cottonseed received, crushed, and on hand, and cottonseed products manufactured, shipped out, on hand, and exported for the seven months ended Feb. 29, 1944 and 1943.

COTTONSEED RECEIVED, CRUSHED, AND ON HAND (TONS)

State—	*Received at mills Aug. 1 to Feb. 29 1944	*Received at mills Aug. 1 to Feb. 29 1943	Crushed Aug. 1 to Feb. 29 1944	Crushed Aug. 1 to Feb. 29 1943	On hand at mills Feb. 29 1944	On hand at mills Feb. 29 1943
United States	3,818,149	4,333,440	3,237,773	3,653,938	669,152	756,765
Alabama	256,706	248,278	222,985	218,611	35,906	33,000
Arizona	55,215	73,078	42,725	55,572	12,493	17,897
Arkansas	371,304	463,956	291,818	352,373	89,069	123,404
California	119,744	143,761	84,849	96,132	41,791	48,804
Georgia	341,926	327,728	289,945	306,809	54,219	24,976
Louisianna	193,857	159,521	184,140	155,157	10,260	5,108
Mississippi	697,394	733,478	537,903	569,086	171,031	170,633
North Carolina	218,862	257,111	190,062	223,963	29,865	34,805
Oklahoma	108,749	216,140	101,370	202,768	9,171	17,836
South Carolina	189,597	195,762	177,185	187,735	15,005	7,974
Tennessee	272,809	373,811	230,247	287,772	45,828	95,226
Texas	889,270	997,203	803,939	896,238	130,000	133,920
All other states	102,716	143,613	80,605	101,722	24,514	43,182

*Includes 1,560 and 4,665 tons destroyed at mills but not 90,336 and 81,928 tons on hand Aug. 1 nor 38,030 and 39,520 tons reshipped for 1944 and 1943 respectively.

COTTONSEED PRODUCTS MANUFACTURED, SHIPPED OUT, AND ON HAND

Item→	Season	On hand Aug. 1	Produced Aug. 1 to Feb. 29	Shipped out Aug. 1 to Feb. 29	On hand Feb. 29
Crude oil	1943-44	*23,283	1,004,085	967,920	*139,678
(thousand pounds)	1942-43	34,460	1,130,219	1,092,670	138,545
Refined oil	1943-44	†207,409	‡835,806	------	†339,365
(thousand pounds)	1942-43	310,191	938,392	------	324,721
Cake and meal	1943-44	18,542	1,497,273	1,446,403	69,412
(tons)	1942-43	190,100	1,616,719	1,748,312	58,507
Hulls	1943-44	11,964	754,628	746,861	19,731
(tons)	1942-43	44,118	881,841	891,487	34,472
Linters	1943-44	135,927	§963,871	803,482	§296,316
(running bales)	1942-43	43,295	1,099,758	842,586	300,467
Hull fiber	1943-44	556	16,300	15,758	1,098
(500-lb. bales)	1942-43	229	24,618	23,374	1,473
Grabbots, motes, &c.	1943-44	14,106	37,228	31,947	19,387
(500-lb. bales)	1942-43	23,644	48,736	39,670	32,710

*Includes 13,826,000 and 84,430,000 pounds held by refining and manufacturing establishments and 3,150,000 and 12,776,000 pounds in transit to refiners and consumers Aug. 1, 1943 and Feb. 29, 1944 respectively.

†Includes 3,196,000 and 10,043,000 pounds held by refiners, brokers, agents, and warehousemen at places other than refineries and manufacturing establishments and 3,734,000 and 2,773,000 pounds in transit to manufacturers of shortening, soap, etc. Aug. 1, 1943 and Feb. 29, 1944 respectively. Does not include winterized oil.

‡Produced from 887,807,000 pounds of crude oil.

§Total linters produced includes 230,034 bales first cut, 663,520 bales second cut and 70,317 bales mill run. Total held includes 82,133 bales first cut, 183,041 bales second cut and 31,142 bales mill run.

Exports and Imports of Cottonseed Products

In the interest of national defense, the Department of Commerce has discontinued until further notice the publication of statistics concerning imports and exports.

Five More States On ABA 100% Member List

With the addition of Mississippi, Montana, North Carolina, South Dakota, and Virginia to the list of states having 100% membership in the American Bankers Association, there are now 13 states and the District of Columbia in which all eligible banks are A. B. C. members, it is announced by Robert L. Dominick, chairman of the Association's Organization Committee, who is Vice-President of the Trades Gate City National Bank, Kansas City, Missouri.

In addition to the District of Columbia, the 13 states are: Nevada, Utah, Louisiana, Oregon, Arizona, Colorado, North Dakota, New Mexico, Mississippi, Montana, North Carolina, Virginia, and South Dakota. Announcing this under date of March 8th the Association said:

"In Mississippi the activities of the Organization Committee are under the direction of V. S. Whitesides, A. B. A. State Vice-President, and Frank R. McGeoy Jr., regional Vice-President. In North Carolina the committee's work is carried out by Ben R. Roberts, State Vice-President, and C. E. Dean, regional Vice-President.

The activities of the committee in Montana are under the direction of Frank T. Merrill, State Vice-President, and Herman C. Matzke, regional Vice-President. Mr. Matzke is also regional Vice-President of the area in which South Dakota is located, and Richard Banfield is A. B. A. State Vice-President. In Virginia, John C. Davis is State Vice-President, and Thomas E. McConnell is Regional Vice-President. In this State the Organization Committee was assisted by Milton R. Morgan, State Bank Commissioner for Virginia.

During the month of February, 91 banks in all parts of the country became members of the A. B. A., compared with only seven in February 1943. On March 1, the total of banks becoming new members of the A. B. A. since September 1, 1943, the beginning of the Association's current year, was 679, compared with 263 in the like period of last year.

NYU Course On Wartime Materials Control

Instruction in the wartime control of materials will be given in one of nine new free evening courses which began this week at the New York University School of Commerce, Accounts and Finance as part of the Engineering, Training Program (ESMWT) of the United States Office of Education, it was announced on March 9 by Dean John T. Madden. The course will be given by Dr. Louis T. Stevenson, former specialist of the War Production Board and now priorities specialist of the American Paper and Pulp Association. Dr. Stevenson plans to feature the priority and allocation problems of the pulp and paper related industries, such as printing and publishing.

Other new free courses beginning at the New York University School of Commerce this week include cost accounting in war industries, wartime purchasing procedures, control of wartime factory costs, office management for war industries, wartime wage and hour administration and stabilization, labor relations, industrial supervisory training, and the technique of conference leadership. The courses are open to those now engaged in the war industries or who can demonstrate that they have good prospects of being so employed in the near future.

Revenue Freight Car Loadings During Week Ended March 4, 1944 Increased 5,792 Cars

Loading of revenue freight for the week ended March 4, 1944, totaled 788,255 cars, the Association of American Railroads announced on March 9. This was an increase above the corresponding week of 1943 of 39,329 cars, or 5.3%, and an increase above the same week in 1942 of 17,770 cars or 2.3%.

Loading of revenue freight for the week of March 4 increased 5,792 cars, or 0.7% above the preceding week.

Miscellaneous freight loading totaled 375,977 cars, an increase of 9,265 cars above the preceding week, and an increase of 26,431 cars above the corresponding week in 1943.

Loading of merchandise less than carload lot freight totaled 104,911 cars, an increase of 2,640 cars above the preceding week, and an increase of 11,182 cars above the corresponding week in 1943.

Coal loading amounted to 172,485 cars, a decrease of 6,075 cars below the preceding week, and a decrease of 2,132 cars below the corresponding week in 1943.

Grain and grain products loading totaled 48,281 cars, an increase of 197 cars above the preceding week but a decrease of 2,159 cars below the corresponding week in 1943. In the Western Districts alone, grain and grain products loading for the week of March 4 totaled 32,211 cars, a decrease of 838 cars below the preceding week and a decrease of 2,978 cars below the corresponding week in 1943.

Live stock loading amounted to 15,059 cars, a decrease of 589 cars below the preceding week, but an increase of 2,209 cars above the corresponding week in 1943. In the Western Districts alone loading of live stock for the week of March 4, totaled 10,848 cars, a decrease of 609 cars below the preceding week, but an increase of 1,204 cars above the corresponding week in 1943.

Forest products loading totaled 43,184 cars, an increase of 624 cars above the preceding week and an increase of 3,685 cars above the corresponding week in 1943.

Ore loading amounted to 13,475 cars, an increase of 153 cars above the preceding week and an increase of 451 cars above the corresponding week in 1943.

Coke loading amounted to 14,883 cars, a decrease of 423 cars below the preceding week, and a decrease of 338 cars below the corresponding week in 1943.

All districts reported increases compared with the corresponding week in 1943 except the Pocahontas. All districts reported increases compared with 1942 except the Eastern and Northwestern.

	1944	1943	1942
5 Weeks of January	3,796,477	3,531,811	3,858,479
4 weeks of February	3,159,492	3,055,725	3,122,942
Week of March 4	788,255	748,926	770,485
Total	7,744,224	7,336,462	7,751,906

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended March 4, 1944. During the period 83 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS) WEEK ENDED MARCH 4

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1944	1943	1942	1944	1943
Eastern District—					
Ann Arbor	279	256	639	1,662	1,339
Bangor & Aroostook	2,477	2,309	2,314	264	285
Boston & Maine	6,641	6,176	8,006	17,111	15,627
Chicago, Indianapolis & Louisville	1,482	1,295	1,594	2,432	1,990
Central Indiana	33	55	23	35	63
Central Vermont	987	1,092	1,397	2,494	2,152
Delaware & Hudson	6,074	6,076	6,745	14,667	12,144
Delaware, Lackawanna & Western	7,666	7,353	8,804	10,808	11,171
Detroit & Mackinac	229	241	283	129	119
Detroit, Toledo & Ironton	1,763	1,617	2,063	1,776	1,918
Detroit & Toledo Shore Line	307	299	365	3,972	3,846
Erie	13,356	12,309	13,518	18,796	19,097
Grand Trunk Western	3,966	3,562	4,509	9,965	9,256
Lehigh & Hudson River	189	169	202	3,453	3,395
Lehigh & New England	1,944	1,916	1,983	1,479	1,553
Lehigh Valley	9,154	6,907	8,684	16,157	11,951
Maine Central	2,476	2,495	3,167	4,151	4,173
Monongahela	5,906	6,289	5,975	362	460
Montour	2,624	2,421	2,060	22	18
New York Central Lines	48,230	46,356	44,109	57,784	57,197
N. Y., N. H. & Hartford	10,818	9,463	11,964	21,819	19,243
New York, Ontario & Western	1,147	862	1,176	3,547	2,653
New York, Chicago & St. Louis	6,396	6,724	6,970	17,271	16,540
N. Y., Susquehanna & Western	503	432	551	2,927	2,919
Pittsburgh & Lake Erie	7,635	7,522	7,827	8,028	7,885
Pere Marquette	4,726	4,416	5,173	8,771	7,922
Pittsburg & Shawmut	762	827	534	23	12
Pittsburg, Shawmut & North	336	341	416	225	274
Pittsburgh & West Virginia	970	811	659	2,659	4,070
Rutland	400	323	507	1,182	976
Wabash	5,987	5,467	5,763	12,839	12,560
Wheeling & Lake Erie	5,083	4,955	4,732	4,566	6,216
Total	160,546	151,336	162,712	251,376	23,904
Allegheny District—					
Akron, Canton & Youngstown	699	681	725	1,264	1,383
Baltimore & Ohio	42,208	38,576	38,216	27,772	29,034
Bessemer & Lake Erie	2,061	2,876	3,359	1,384	1,401
Buffalo Creek & Gauley	*314	258	248	*2	2
Cambria & Indiana	1,757	1,938	1,854	2	1
Central R. R. of New Jersey	7,085	6,540	7,840	20,649	21,097
Cornwall	637	598	603	71	92
Cumberland & Pennsylvania	201	282	293	8	13
Ligonier Valley	108	130	109	40	44
Long Island	1,215	806	928	4,006	3,817
Penn-Reading Seashore Lines	1,643	1,568	1,840	2,751	2,409
Pennsylvania System	78,232	70,830	77,038	66,958	62,264
Reading Co.	15,749	14,124	15,685	31,002	30,884
Union (Pittsburgh)	19,374	20,621	19,643	3,260	4,457
Western Maryland	3,993	4,004	3,831	14,520	14,405
Total	175,276	163,832	172,212	173,689	170,303
Pocahontas District—					
Chesapeake & Ohio	27,189	29,132	21,161	11,211	11,768
Norfolk & Western	21,231	22,888	19,254	7,895	7,006
Virginian	4,279	4,726	3,545	2,248	2,138
Total	52,699	56,746	43,960	21,354	20,912
Southern District—					
Alabama, Tennessee & Northern	317	236	273	413	403
Atl. & W. P.—W. R. R. of Ala.	886	841	896	2,616	2,826
Atlanta, Birmingham & Coast	724	606	679	1,871	1,479
Atlantic Coast Line	14,237	14,364	13,012	11,987	11,504
Central of Georgia	3,921	4,045	4,271	5,139	5,025
Charleston & Western Carolina	417	469	368	1,772	1,911
Clinchfield	1,758	1,658	1,176	3,192	3,182
Columbus & Greenville	313	312	241	280	216
Durham & Southern	118	117	170	746	538
Florida East Coast	3,716	3,577	2,291	2,069	,1599
Gainesville Midland	51	51	31	121	137
Georgia	1,201	1,064	1,217	2,809	2,917
Georgia & Florida	500	340	331	916	542
Gulf, Mobile & Ohio	3,779	3,342	3,880	4,114	5,789
Illinois Central System	28,107	24,352	27,997	18,570	15,191
Louisville & Nashville	23,890	23,880	23,903	13,300	11,376
Macon, Dublin & Savannah	168	157	186	999	908
Mississippi Central	278	221	165	620	448
Nashville, Chattanooga & St. L.	3,250	2,938	3,366	5,109	5,363
Norfolk Southern	957	1,098	1,116	1,673	1,770
Piedmont Northern	445	391	495	1,377	1,269
Richmond, Fred. & Potomac	375	397	444	11,746	11,610
Seaboard Air Line	11,316	10,403	9,858	9,570	9,619
Southern System	22,656	20,970	23,097	25,430	25,023
Tennessee Central	611	539	536	979	802
Winston-Salem Southbound	157	120	124	1,031	1,021
Total	124,148	116,488	120,223	128,449	122,468
Northwestern District—					
Chicago & North Western	15,712	14,700	17,793	14,708	13,368
Chicago Great Western	2,570	2,389	2,835	3,708	3,290
Chicago, Milw., St. P. & Pac.	19,978	19,353	21,579	10,862	10,530
Chicago, St. Paul, Minn. & Omaha	3,837	3,757	4,120	4,392	5,408
Duluth, Missabe & Iron Range	1,262	1,265	1,299	245	250
Duluth, South Shore & Atlantic	834	595	791	510	553
Elgin, Joliet & Eastern	8,788	9,050	10,081	12,343	9,821
Ft. Dodge, Des Moines & South	407	421	539	122	109
Great Northern	12,618	10,762	12,140	5,427	5,864
Green Bay & Western	457	469	584	955	751
Lake Superior & Ishpeming	300	245	315	55	50
Minneapolis & St. Louis	2,121	2,130	2,324	2,401	2,135
Minn., St. Paul & S. S. M.	5,350	4,559	5,815	4,061	3,091
Northern Pacific	10,235	8,898	10,400	5,608	4,638
Spokane International	84	79	81	569	498
Spokane, Portland & Seattle	2,429	2,135	2,749	2,827	3,144
Total	86,982	80,807	93,380	68,793	63,500
Central Western District—					
Atch., Top. & Santa Fe System	21,417	19,837	20,929	12,199	12,531
Alton	3,033	2,798	3,426	4,132	3,709
Bingham & Garfield	517	472	588	99	74
Chicago, Burlington & Quincy	19,676	18,983	16,288	12,267	12,230
Chicago & Illinois Midland	2,952	3,094	2,807	1,030	940
Chicago, Rock Island & Pacific	11,026	12,416	11,667	12,420	13,958
Chicago & Eastern Illinois	2,641	2,375	2,882	5,693	4,948
Colorado & Southern	766	747	892	2,188	1,839
Denver & Rio Grande Western	3,385	3,612	3,161	6,256	5,750
Denver & Salt Lake	751	834	642	12	6
Fort Worth & Denver City	647	838	889	1,942	1,251
Illinois Terminal	2,126	1,787	2,063	1,667	1,583
Missouri-Illinois	964	908	1,230	486	538
Nevada Northern	1,764	2,047	2,002	113	134
North Western Pacific	708	766	971	739	650
Peoria & Pekin Union	18	36	20	0	0
Southern Pacific (Pacific)	28,163	26,094	27,926	13,773	12,858
Toledo, Peoria & Western	471	345	267	2,034	1,695
Union Pacific System	15,469	13,529	15,504	17,096	14,133
Utah	639	571	552	6	1
Western Pacific	1,511	1,880	1,748	3,935	3,454
Total	118,644	113,969	116,454	98,087	92,298
Southwestern District—					
Burlington-Rock Island	311	651	485	329	214
Gulf Coast Lines	7,804	4,892	5,273	2,867	2,401
International-Great Northern	1,668	1,810	2,319	3,718	3,524
Kansas, Oklahoma & Gulf	247	307	308	1,159	987
Kansas City Southern	5,873	4,343	3,701	3,860	2,756
Louisiana & Arkansas	2,802	3,028	2,713	2,605	2,310
Litchfield & Madison	263	301	291	1,216	1,196
Midland Valley	542	683	478	539	350
Missouri & Arkansas	187	145	186	465	476
Missouri-Kansas-Texas Lines	5,729	5,621	4,955	4,964	6,432
Missouri Pacific	15,433	16,138	15,919	19,874	17,552
Quanah Acme & Pacific	123	50	88	257	352
St. Louis-San Francisco	8,286	7,947	8,754	9,031	7,836
St. Louis Southwestern	2,845	2,766	3,085	6,926	5,480
Texas & New Orleans	12,369	12,601	8,994	5,596	5,175
Texas & Pacific	5,377	4,359	3,874	7,927	6,670
Wichita Falls & Southern	79	76	101	35	30
Weatherford M. W. & N. W.	22	30	20	28	38
Total	69,960	65,748	61,544	71,416	63,779

*Previous week's figures.

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
1943—Week Ended					
Dec. 4	177,664	149,803	602,789	95	93
Dec. 11	146,662	148,826	600,323	96	93
Dec. 18	139,654	148,431	589,659	96	93
Dec. 25	119,487	136,120	569,689	87	93
1944—					
Jan. 1	121,212	92,328	589,815	63	93
Jan. 8	160,567	138,381	612,043	86	86
Jan. 15	153,097	146,596	614,215	93	90
Jan. 22	131,940	140,457	602,930	93	91
Jan. 29	145,735	147,423	597,011	95	92
Feb. 5	185,069	151,102	628,048	97	93
Feb. 12	154,797	151,870	630,449	97	94
Feb. 19	130,252	148,533	609,429	96	94
Feb. 26	151,980	139,044	621,875	93	94
March 4	178,375	146,926	650,606	95	94

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Rate Of Steel Output Higher In February

Production of steel in February was the highest for any February on record, amounting to 7,188,482 tons of ingots and steel for castings, according to the American Iron and Steel Institute. The previous record was 6,823,733 tons produced in February, 1943. The Institute's statement further said:

"Allowing for the fact that February was a shorter month than January, production last month represented a higher rate of activity than in January. During February an average of 1,736,348 tons was produced per week, as against 1,714,493 tons per week in January. The peak weekly production came in October, 1943 when 1,765,025 tons were produced. In February a year ago weekly production averaged 1,705,934 tons.

"During the month just closed the steel industry operated at an average of 96.9% of capacity. In January total production of 7,595,202 tons represented 95.7% of capacity. In February, 1943, operations averaged 98.5% of capacity."

New 8-Cent Air Mail Stamp Placed On Sale March 21

Postmaster Albert Goldman at New York announced on Feb. 29 that the Post Office Department will issue a new 8-cent air mail postage stamp, to be placed on sale for the first time on March 21, 1944, at the Washington, D. C., post office. The advices state—

"The new 8-cent air mail stamp will be identical in size, arrangement, and design with the current 6-cent air mail stamp, issue of 1941, the only alterations being that of the change in the denomination numeral to "8", and the color to olive green. It will be printed by rotary process and issued in sheets of fifty.

"Stamp collectors desiring first-day cancelations of the new stamp on March 21 may send not more than 10 addressed envelopes to the Postmaster, Washington 13, D. C., with cash or money order remittance to cover cost of the stamps to be affixed. Stamps of selected quality for collections may be obtained on mail orders addressed to the Philatelic Agency, Post Office Department, Washington 25, D. C. This Agency does not service covers.

"This 8-cent air mail stamp is being issued to meet the increased rate for domestic air mail effective on March 26, 1944. The 8-cent air mail stamps will not be made available in books at this time, and for the present there will be no printing of 8-cent air mail stamped envelopes."

An item bearing on the increased postal rates effective March 26, appeared in our issue of March 9, page 1024.

Lumber Movement—Week Ended March 4, 1944

According to the National Lumber Manufacturers Association, lumber shipments of 500 mills reporting to the National Lumber Trade Barometer were 8.6% above production for the week ended March 4, 1944. In the same week new orders of these mills were 12.9% greater than production. Unfilled order files of the reporting mills amounted to 115% of stocks. For reporting softwood mills, unfilled orders are equivalent to 41 days' production at the current rate, and gross stocks are equivalent to 33 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 6.8%; orders by 13.1%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 47.4% greater; shipments were 35.2% greater; and orders were 51.5% greater.

Items About Banks, Trust Companies

The Federal Reserve Bank of New York announces that the Great Neck Trust Company, Great Neck Plaza (P. O., Great Neck, N. Y.), New York, has become a member of the Federal Reserve System effective March 6; also that the Freeport Bank, of Freeport, N. Y., became a member of the System effective March 8.

At a recent meeting of the Board of Directors of the Flushing National Bank, of Flushing, Long Island, N. Y., Peter A. Farrar was named Vice-President.

Joseph R. Barrett, formerly Assistant Vice-President, has been elected a Vice-President of the County Trust Company of White Plains, N. Y., according to a statement issued by Andrew Wilson, Jr., President. Mr. Barrett is a graduate of Princeton University and before coming to the bank in 1939 was identified with the firm of Weil Pearson & Co. At the directors meeting on March 7, the Board authorized the payment on April 1 of a dividend of 37½ cents per share for the quarter ending March 31 to stockholders of record March 16 and fixed 37½ cents as the regular quarterly rate in lieu of 25 cents as heretofore.

John J. Rust, Vice-President of the Equitable Securities Corp., has been elected a trustee of the Yonkers Savings Bank, Yonkers, N. Y. Mr. Rust has been in the investment business in New York City for several years and is now President of the Municipal Forum of New York.

Arthur W. Lunn, manager of the Newark office of General Electric Co., has been elected to the board of managers of Franklin Savings Institution of Newark, N. J. This is learned from the Newark "News" from which we also quote:

His election increases the number of board members to 14. Mr. Lunn was born in Jersey City; he was graduated from Princeton in 1907 and took post graduate courses at Massachusetts Institute of Technology and Columbia University. He joined General Electric Co. in 1911.

Advices have come to us to the effect that at the annual meeting of the stockholders of the Firestone Park Trust and Savings Bank of Akron, Ohio, on Jan. 19 the corporate name was changed to the Firestone Bank.

At its meeting on March 10, the Board of Directors of the Boatmen's National Bank of St. Louis declared dividends of 40 cents a share, payable April 1 and July 1, 1944, to holders of record as of March 21 and June 20, respectively, and an extra dividend of 10 cents a share payable April 1 to holders of record as of March 21, to bring the payment during the first quarter up to 40 cents. A dividend of 30 cents a share was paid on Jan. 1.

In making the announcement, Tom K. Smith, President of the bank, said that if earnings presently indicated continued through the year, a dividend of 40 cents would be paid for the fourth quarter, making a total for the year of $1.60 on the $20 par shares. The regular dividend recently has been at the rate of $1.20 per year.

He stated that it had been contemplated when the capital stock was increased to $2,500,000 in 1941, that dividends would be held at a low level until the surplus fund equaled the capital, and undivided profits and reserve for contingencies amounted to $1,000,000, and that that point had been reached approximately. He added that during the past ten years, over $2.500.000 had been added to capital funds, in addition to a contribution of $232,000 for past service in the Employees Retirement Annuity Plan, and that he thought a larger share of current earnings should be distributed in dividends.

The St. Louis Union Trust Co., of St. Louis, Mo., announced the promotions as follows at its recent annual meeting:

M. L. Hanley, Assistant Vice-President; John E. Gaskill, Jr., Trust Officer; C. W. Gusoskey, Assistant Real Estate Officer; Samuel C. Davis, Jr., and Shelby F. James, Assistant Trust Officers, and K. H. Eggers, Assistant Secretary.

The Board of Governors of the Federal Reserve System announce that the Central Savings Bank & Trust Co., of Denver, Colo., a State member bank, has changed its title to the Central Bank & Trust Co., effective Feb. 18.

In furtherance of plans to increase the common stock of the Anglo California National Bank of San Francisco to $10,000,000 through the declaration of a dividend of $1,800,000, payable in common stock to common shareholders a special meeting of the stockholders will be held on Mar. 16 to consider the proposal and also to provide for changes in the bank's articles of association to properly reflect capital adjustments and preferred stock retirement requirements. According to the San Francisco "Chronicle" from which we quote: President W. H. Thomson states directors of the RFC agreed to the plans if the bank would retire another $900,000 retirable value of preferred stock. Accordingly, on Feb. 1, that amount of preferred was retired, reducing outstanding preferred to a retirable value of $16,500,000. The Comptroller of the Currency also indicated his approval of the plan.

Gen. Somervell Tells What We Fight For

Lt. General Somervell, commanding general of the Army Service Forces, in answer to the question, "What is the Nation Fighting for?" gave the following answers which we take from Associated Press advices from Fort Belvoir, Va., on March 9, as appearing in the New York "Journal American."

"We fight for simple things, for the little things that are all-important. We fight for the right to lock our house doors and be sure that no bully with official sanction will break the lock.

"We fight for town meetings, for the soapbox in the public square, for the high school debating team, for open doors to cathedral and church and synagogue.

"We fight for the country editor and for the metropolitan daily and for the editor's right to say the wrong thing if he thinks it's right.

"We fight for the right to organize for any decent purpose; for labor; for employers; for the Grange and the Legion and the ladies' literary club and for lodge meetings in full regalia on Tuesday nights.

"We fight for our candidate for sheriff and for the other fellow's candidate, for the right to be sorry we elected him and to say so.

"We fight for free radio, for the right to listen to what we want and to turn off what we don't want.

"We fight for the high privilege of throwing pop bottles at the umpire. . . .

"For these things we fight," said Gen. Somervell today on the anniversary of the Army Service Forces.

N. Y. Reserve Bank Ratio Of Profits To Capital Fund Increased In 1943

Allan Sproul, President of the New York Federal Reserve Bank, reports that "there was a considerable increase in profits realized by member banks in this District during 1943 following a decrease in 1942. As in the previous year," says the Bank under date of March 6, "profits were largely used to strengthen the capital structure of the banks." According to the Bank, Mr. Sproul further reports "all groups of banks participated in varying degrees in the increase in profits during 1943. For all banks the average rate on net profit atfer income taxes was 7.2% of total capital funds, compared with 4.4% in 1942, 5.5% in 1941, and a maximum for any year since the late 1920's of 8.9% in 1936.

"Dividends paid to stockholders were not materially increased as the banks generally followed the policy of adding a large part of their net profits to capital accounts (72% on the average), in view of the continued growth in their total assets and liabilities and their expectation that they will be called upon to assume larger credit risks in the post-war period. For all member banks covered by the study, cash dividends declared in 1943 averaged 2.0% of their total capital, compared with 1.8% in 1942, and 1.9% in the three preceding years. The large New York City banks, which for some years have been paying out larger proportions of their net earnings in dividends, reduced their dividends slightly in 1943, in proportion to capital funds, while some of the medium-sized banks outside New York increased their dividend distributions moderately.

"Total capital funds were increased by more than 5% through the retention of undistributed profits. Nevertheless, the average ratio of capital funds to total deposits declined further to less than 11% in 1943, compared with nearly 14% in 1942, over 15% in 1941, and 16% in 1940. The ratio of capital to assets other than cash assets and Government securities, however, increased from less than 29% in 1942 to 34% in 1943, reflecting in some small degree the moderate increase in capital funds out of earnings, but more largely the war-time shrinkage in loans (except at the large New York City banks) and the expansion in Government security holdings.

"The principal cause of the increase in net profits of banks in this District in 1943 was an excess of profits and recoveries on securities sold during the year over charge-offs on other assets. It was not due so largely, as might have been supposed, to increased income resulting from the banks' substantially increased holdings of Government securities; for the average bank net current earnings before income taxes were only moderately larger than in 1942, and probably somewhat smaller than in 1941.* Investments in Government securities, it is true, increased substantially, and for the year averaged 47% of total assets compared with about 31% in 1942. The average yield on bank investments declined, however, owing to a shortening of the average maturity of Government security holdings, and to a reduction in holdings of higher yielding securities. Meanwhile loans, which for most banks yield a considerably higher rate of income than investments, declined from nearly 29% of total assets in 1942, to less than 19½% in 1943.

"In general, expenses absorbed nearly the same percentage of total current earnings in 1943 as in the previous year. Salaries took a slightly larger percentage of current earnings than in 1942 in the smaller banks, and a somewhat smaller percentage in the larger banks, but for the District as a whole there was no change. Interest on deposits and other expenses were slightly reduced in relation to current earnings in most banks.

"Income taxes took about 22% of the net earnings after expenses of the large New York City banks in 1943, as compared with less than 16% in 1942 (about 10% of *total* earnings in 1943 and 6% in 1942). The large banks in other cities of the District also had marked increases in their income taxes during the past year, but the percentage of earnings required for tax payments remained substantially less than for the large New York City banks. Other groups of banks had not yet reached the point in 1943 where they were subject to material increases in income taxes. It is expected, however, that income taxes will become a factor of increasing importance to many banks during 1944."

The 1942 figures were referred to in these columns April 8, 1943, page 1292.

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*In the compilations published prior to 1943, taxes on net income were included in total expenses, thereby reducing net current earnings. For 1943 net current earnings were computed before deduction of taxes on net income which are shown as a separate item (with revised figures for 1942 for all banks combined), and a new item (No. 2) "Profits before income taxes" to total capital accounts has been added.

ABA Urges Facilitation Of Wartime Contract Termination Settlements

Immediate consideration of U. S. Senate Bill S. 1718, which provides machinery for the prompt settlement of claims arising from terminated war contracts, has been urged as a means of avoiding post-war unemployment and inflation by the American Bankers Association in a letter addressed on March 2 to Senator James E. Murray of Montana by A. L. M. Wiggins, President of the Association. The bill was introduced by Senator Murray and Senator Walter F. George of Georgia. In his letter Mr. Wiggins points out that "the immediate settlement of claims arising from terminated war contracts is absolutely necessary if we are to avoid a major post-war unemployment problem, and a post-war consumer market so short of goods that serious inflation will be invited. The unemployment phase is the major issue and of tremendous importance when we consider that it would occur at a time when service men are being returned to civilian life," he states. Mr. Wiggins further says:

"It takes time to get a program such as that prescribed in S. 1718 implemented and operating. It is of the utmost importance that such a plan be functioning at an early date, if our economy is to avoid critical dislocation. Industry is desirous of arranging financing for post-war reconversion requirements now. That it have adequate machinery to accomplish this purpose is essential."

Referring to Senate Bill S. 1730, which also embraces the subject of contract termination settlement and goes beyond that to provide for the disposal of surplus war property, Mr. Wiggins states that "while we appreciate that the disposal of Government property and such related matters are of extreme importance, we are of the opinion that some statutory provision for the settlement of claims arising from terminated war contracts is the immediate need.

"In the interest of our whole economy, we urge the immediate consideration of S. 1718 and that other related matters covered in S. 1730 be taken up at an early subsequent date."

Newspaper Prices Up In Year Survey Shows

5 Cents Most Common Figure For Dailies

There has been a sharp decline since last year in the number of daily newspapers which sell for 3 cents a copy and an increase in the number of 4-cent papers, the American Newspaper Publishers Association reported on March 3 on the basis of a nationwide survey, according to the New York "Times" of March 4, which indicated that the survey showed that 5 cents was still the most common retail price for daily editions, with more than twice as many publications throughout the country selling at that price as at any other. There was an upward trend in prices during the year among the lowerpriced daily papers. The "Times" reports further as to the survey:

"A total of 974 daily newspapers reported their retail price this year at 5 cents, compared with 899 last year. The number of 4-cent papers increased from 175 to 279 during the year, while the number selling for 3 cents fell from 556 to 398.

"The survey disclosed that the nation still has three daily newspapers which sell for 1 cent. One in Pennsylvania, one in Ohio and one in Wisconsin. Last year there were four penny papers and in 1942 there were nine.

"Cranston Williams, General Manager of the ANPA, who announced the survey findings, said the study included commercial dailies, but not Sunday editions of daily newspapers, nor foreign language newspapers. Several daily papers did not report their single-copy price and were therefore not included in the tabulation, Mr. Williams said. The report was made public at ANPA headquarters, 370 Lexington Avenue.

"This year's price figures included 1,725 daily newspapers. Last year's report covered 1,727 papers and the 1942 figures were for 1,777 papers.

"The number of publications which reported and their retail daily prices, for the three years, follow:

	1c	2c	3c	4c	5c	7c	10c	25c
1944	3	62	398	279	974	3	5	1
1943	4	84	556	175	899	3	5	1
1942	9	185	735	32	806	4	5	1

"The lowest price range was reported from Pennsylvania, where 129 daily newspapers filed their retail prices. Only seven dailies in that State sell for 5 cents, as against 54 at 4 cents, 57 at 3 cents, ten at 2 cents, and the lone penny sheet.

"In California, where 120 daily papers reported, 105 sell for 5 cents, three for 10 cents, one for 4 cents, ten for 3 cents, and one for 2 cents.

"The third largest number of daily newspapers reported from New York, as follows: Twenty-three sell at 5 cents, one at 7 cents, two at 10 cents, one at 25 cents, 38 at 4 cents, 29 at 3 cents, and seven at 2 cents. Of the 99 daily papers reporting from Texas, 97 sell at 5 cents a copy and the other two sell at 3 cents."